

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI
ANONİM ŞİRKETİ**

**CONSOLIDATED FINANCIAL STATEMENTS
AND RELATED DISCLOSURES AS OF 31 MARCH 2022
WITH AUDITORS' REVIEW REPORT**

**(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
ORIGINALLY ISSUED IN TURKISH *SEE NOTE I.B OF SECTION
THREE*)**



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 consolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi (“the Bank”) and its consolidated subsidiaries (collectively referred to as “the Group”) at 31 March 2022 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the three-month period then ended. The Group 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 this interim 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 Consolidated Financial Statements; the accompanying consolidated financial statements as at 31 March 2022 include a free provision amounting to TL 5.429.000 thousand which consist of TL 3.730.000 thousand provided in prior periods, TL 1.699.000 thousand recognized in the current year by the Group 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 consolidated 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 consolidated financial information do not present fairly in all material respects the consolidated financial position of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi and its consolidated subsidiaries at 31 March 2022 and the results of its consolidated operations and its consolidated cash flows for the three-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 consolidated financial statements and disclosures in all material respects.

Additional Paragraph for Convenience Translation:

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

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

Didem Demer Kaya, SMMM
Partner

Istanbul, 13 May 2022



**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS AND AUDITORS' REVIEW REPORT
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**THE CONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 31 MARCH 2022**

The Bank's Headquarter Address: Hacıbayram Mahallesi Atatürk Bulvarı
No:8 06050-Altındağ/ANKARA
Phone: (312) 584 20 00
Facsimile: (312) 584 49 63
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The consolidated financial report for the three-month period includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency.

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

Within the framework of this three-month financial report, our consolidated financial statements of subsidiaries, associates and jointly controlled entities are as follows:

DOMESTIC SUBSIDIARIES

Ziraat Yatırım Menkul Değerler A.Ş.
Ziraat Portföy Yönetimi A.Ş.
Ziraat Katılım Bankası A.Ş.
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.
Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.

FOREIGN SUBSIDIARIES

Ziraat Bank International AG
Ziraat Bank BH d.d.
Ziraat Bank (Moscow) JSC
Kazakhstan Ziraat International Bank
Ziraat Bank Azerbaycan ASC
Ziraat Bank Montenegro AD
JSC Ziraat Bank Georgia
Ziraat Bank Uzbekistan JSC

ASSOCIATES

Arap Türk Bankası A.Ş.

ENTITIES UNDER COMMON CONTROL

Turkmen Turkish Joint Stock Commercial Bank

The accompanying consolidated financial statements and notes to these financial statements for the three-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

Mahmut KAÇAR
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 : Serkan ÖZKAN / Financial Statements Manager
Telephone Number : 0312 584 59 32
Fax Number : 0312 584 59 38

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**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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TURKISH**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

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

SECTION ONE

GENERAL INFORMATION ABOUT THE PARENT BANK

I. HISTORY OF THE PARENT 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 Parent Bank”) is based on Government Funds established in 1863. In 1883, Government Funds were replaced with Benefit Funds. The Parent 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 Parent Bank, which was given the authority to perform all banking activities, belonged to the Republic of Turkey Prime Ministry Undersecretariat of Treasury (“Treasury”) transferred to the Turkish Wealth Fund with the decision of the Council of Ministers numbered 2017/9756 dated 24 January 2017. The Parent Bank’s head office is located in Ankara.

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

The total share capital of the Parent Bank is TL 34.900.000. This capital is divided into 34.900.000.000 registered share with a nominal value of TL 1 each and is fully paid. The Parent Bank's sole shareholder is the Turkish Wealth Fund.

The decision to increase the capital to TL 34.900.000 was approved at the Extraordinary General Assembly meeting of the Bank held on March 9, 2022, and the capital increase and the related amendment to the relevant article of the Articles of Association were registered on March 14, 2022. It was announced in the Trade Registry Gazette dated 14 March 2022 and numbered 10536. The accounting for the said capital increase was carried out on 14 March 2022, 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 PARENT 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. Ahmet GENÇ	Member
Faruk ÇELİK	Member
Fazlı KILIÇ	Member
Feyzi ÇUTUR	Member
Mahmut KAÇAR	Member
Serruh KALELİ	Member
Audit Committee Members	
Fazlı KILIÇ	Member
Mahmut KAÇAR	Member
Executive Vice Presidents	
Cüneyt SAĞLIK	Payment Systems and Credit Processes
Emrah GÜNDÜZ	Banking Operations and Corporate Communications
Ferhat PIŞMAF	Corporate Banking
Mehmet Şükrü TAŞCI	Credit Allocation and Management
Recep TÜRK	Credit Risk Monitoring and Liquidation
Yüksel CESUR	Retail Banking

The Parent 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 Parent Bank.

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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

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

GENERAL INFORMATION ABOUT THE PARENT BANK (Continued)

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

Name/Trade Name	Amount of Share	Percentage of Share (%)	Paid-in Shares	Unpaid Shares
Turkish Wealth Fund	34.900.000	100	34.900.000	-

The Parent Bank's sole shareholder is the Turkish Wealth Fund.

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

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

As of 31 March 2022, the Parent Bank carries its activities with a grand total of 1.726 domestic branches including; 1.639 branches, 17 corporate branches, 61 commercial branches and 9 mobile branches (31 December 2021: 1.727 domestic branches including 1.639 branches, 17 corporate branches, 65 entrepreneurial branches, 5 mobile branches) and 25 branches abroad which are London branch in England, Baghdad and Arbil branches in Iraq, Athens, Komotini, and Xanthi branches in Greece, Sofia, Plovdiv, Kardzhali, Varna and Burgas branches in Bulgaria, Jeddah branch in Saudi Arabia, Prishtina, 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. In addition to 25 branches and a total of 1.751 branches, the Parent Bank also has 1 representative office in Tehran, Iran.

The Parent Bank and the consolidated subsidiaries in Note III of Section Three are referred to 'Group'.

As of 31 March 2022, the Group has 27.364 employees (31 December 2021: 27.447).

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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

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

GENERAL INFORMATION ABOUT THE PARENT 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., one of the associates of the Parent Bank, and Turkmen Turkish Joint Stock Commercial Bank, entity under common control of the Parent Bank, is accounted by using equity method in the consolidated financial statements of the Parent Bank.

As Ziraat Teknoloji A.Ş. is one of the non-financial subsidiaries of the Bank, is not consolidated in the consolidated financial statements of the Bank in accordance with Communiqué of the Preparation Consolidated Financial Statements. Moreover, Platform Ortak Kartlı Sistemler A.Ş. and Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş. are non-financial associates of the Bank which are kept at cost value are not consolidated in the consolidated financial statements. Central Oto Kiralama A.Ş., ZG Tarım Markets A.Ş., which are subsidiaries of Ziraat Girişim Yatırım Ortaklığı A.Ş., which is one of the subsidiaries, and its subsidiaries ZY Elektrik Traktör San. ve Tic. Inc. and MESA Manufacturing Industry and Trade Inc. Since they are not financial institutions, they are not consolidated. Subsidiaries other than these are within the scope of full consolidation.

VII. CURRENT OR LIKELY, ACTUAL OR LEGAL BARRIERS TO IMMEDIATE TRANSFER OF EQUITY OR REPAYMENT OF DEBTS BETWEEN THE PARENT BANK AND ITS SUBSIDIARIES

None.

SECTION TWO

Consolidated Financial Statements

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**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 MARCH 2022**

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

I-CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		ASSETS	Note (Section Five I)	Current Period 31 March 2022			Prior Period 31 December 2021		
				TL	FC	Total	TL	FC	Total
I.	FINANCIAL ASSETS (NET)			185.398.104	392.530.068	577.928.172	165.396.524	401.313.694	566.710.218
1.1	Cash and Cash Equivalents			14.692.198	195.520.436	210.212.634	27.946.723	218.366.784	246.313.507
1.1.1	Cash and Balances with Central Bank	(1)		10.550.194	178.449.853	189.000.047	26.386.921	201.162.438	227.549.359
1.1.2	Banks	(4)		3.236.881	17.088.290	20.325.171	765.446	16.770.195	17.535.641
1.1.3	Money Market Receivables			909.529	-	909.529	799.134	450.634	1.249.768
1.1.4	Expected Loss Provision (-)			4.406	17.707	22.113	4.778	16.483	21.261
1.2	Financial Assets at Fair Value Through Profit or Loss		(2)	2.941.618	27.618.243	30.559.861	2.020.029	26.531.093	28.551.122
1.2.1	Government Debt Securities			225.978	26.513.743	26.739.721	154.528	25.561.364	25.715.892
1.2.2	Equity Instruments			198.122	-	198.122	25.041	-	25.041
1.2.3	Other Financial Assets			2.517.518	1.104.500	3.622.018	1.840.460	969.729	2.810.189
1.3	Financial Assets at Fair Value Through Other Comprehensive Income		(5),(6)	163.741.933	166.679.413	330.421.346	124.979.090	154.798.964	279.778.054
1.3.1	Government Debt Securities			162.522.548	165.647.925	328.170.473	123.483.145	153.859.483	277.342.628
1.3.2	Equity Instruments			317.517	56.239	373.756	313.821	51.962	365.783
1.3.3	Other Financial Assets			901.868	975.249	1.877.117	1.182.124	887.519	2.069.643
1.4	Derivative Financial Assets		(3)	4.022.355	2.711.976	6.734.331	10.450.682	1.616.853	12.067.535
1.4.1	Derivative Financial Assets at Fair Value Through Profit or Loss			4.022.355	2.711.976	6.734.331	10.450.682	1.616.853	12.067.535
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income			-	-	-	-	-	-
II.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)			649.633.731	375.248.247	1.024.881.978	558.002.814	329.838.000	887.840.814
2.1	Loans		(7)	635.320.784	336.214.555	971.535.339	569.903.237	294.948.693	864.851.930
2.2	Lease Receivables		(12)	5.008.564	6.031.697	11.040.261	4.090.120	5.476.486	9.566.606
2.3	Factoring Receivables			-	-	-	-	18.204	18.204
2.4	Other Financial Assets Measured at Amortized Cost		(8)	42.018.394	36.532.429	78.550.823	14.359.307	31.979.718	46.339.025
2.4.1	Government Debt Securities			41.901.342	36.283.683	78.185.025	14.243.051	31.755.026	45.998.077
2.4.2	Other Financial Assets			117.052	248.746	365.798	116.256	224.692	340.948
2.5	Expected Credit Loss (-)			32.714.011	3.530.434	36.244.445	30.349.850	2.585.101	32.934.951
III.	NON-CURRENT ASSETS OR DISPOSAL GROUPS “HELD FOR SALE” AND “HELD FROM DISCONTINUED OPERATIONS (Net)		(15)	5.210.341	25.488	5.235.829	5.426.813	23.474	5.450.287
3.1	Held for Sale Purpose			5.210.341	25.488	5.235.829	5.426.813	23.474	5.450.287
3.2	Held from Discontinued Operations			-	-	-	-	-	-
IV.	EQUITY INVESTMENTS			1.299.546	541.570	1.841.116	1.226.842	513.257	1.740.099
4.1	Investments in Associates (Net)		(9)	539.321	11.071	550.392	466.171	10.087	476.258
4.1.1	Associates Valued Based on Equity Method			214.096	-	214.096	205.959	-	205.959
4.1.2	Unconsolidated Associates			325.225	11.071	336.296	260.212	10.087	270.299
4.2	Subsidiaries (Net)		(10)	640.999	16.930	657.929	641.049	16.416	657.465
4.2.1	Unconsolidated Financial Subsidiaries			-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Subsidiaries			640.999	16.930	657.929	641.049	16.416	657.465
4.3	Entities under Common Control (Joint Ventures) (Net)		(11)	119.226	513.569	632.795	119.622	486.754	606.376
4.3.1	Joint Ventures Valued Based on Equity Method			119.226	513.569	632.795	119.622	486.754	606.376
4.3.2	Unconsolidated Joint Ventures			-	-	-	-	-	-
V.	PROPERTY AND EQUIPMENT (Net)		(16)	12.864.198	1.300.888	14.165.086	12.308.429	1.191.686	13.500.115
VI.	INTANGIBLE ASSETS (Net)			1.680.710	136.739	1.817.449	1.555.241	121.892	1.677.133
6.1	Goodwill			-	-	-	-	-	-
6.2	Other			1.680.710	136.739	1.817.449	1.555.241	121.892	1.677.133
VII.	INVESTMENT PROPERTY (Net)		(14)	1.270.719	-	1.270.719	1.268.500	-	1.268.500
VIII.	CURRENT TAX ASSET			24.693	24.540	49.233	24.273	56.563	80.836
IX.	DEFERRED TAX ASSET			6.106.667	52.774	6.159.441	2.943.674	47.845	2.991.519
X.	OTHER ASSETS (Net)		(20)	12.465.259	3.644.624	16.109.883	9.463.237	2.811.122	12.274.359
TOTAL ASSETS				875.953.968	773.504.938	1.649.458.906	757.616.347	735.917.533	1.493.533.880

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 MARCH 2022**

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

II- CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Note (Section Five II)	Current Period 31 March 2022			Prior Period 31 December 2021		
			TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(1)	538.009.106	648.377.440	1.186.386.546	409.476.012	642.384.689	1.051.860.701
II.	FUNDS BORROWED	(3)	455.318	66.598.308	67.053.626	500.906	60.439.925	60.940.831
III.	MONEY MARKETS BORROWINGS	(4)	73.729.169	38.248.142	111.977.311	143.430.704	37.053.037	180.483.741
IV.	SECURITIES ISSUED (Net)	(5)	4.973.149	28.957.082	33.930.231	5.157.858	25.151.722	30.309.580
4.1	Bills		-	726.000	726.000	-	97.988	97.988
4.2	Asset Backed Securities		4.015.410	-	4.015.410	4.156.876	-	4.156.876
4.3	Bonds		957.739	28.231.082	29.188.821	1.000.982	25.053.734	26.054.716
V.	FUNDS		36.921	-	36.921	31.956	-	31.956
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		36.921	-	36.921	31.956	-	31.956
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES	(2)	1.412.006	4.083.821	5.495.827	1.273.552	2.428.525	3.702.077
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		1.412.006	4.083.821	5.495.827	1.273.552	2.428.525	3.702.077
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII.	FACTORING LIABILITIES		-	-	-	-	-	-
IX.	LEASE LIABILITIES (Net)	(7)	1.128.571	107.783	1.236.354	948.398	114.129	1.062.527
X.	PROVISIONS	(9)	11.755.378	614.750	12.370.128	9.278.734	512.274	9.791.008
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		2.097.240	15.629	2.112.869	1.766.511	11.961	1.778.472
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		9.658.138	599.121	10.257.259	7.512.223	500.313	8.012.536
XI.	CURRENT TAX LIABILITY	(10)	14.685.451	29.812	14.715.263	1.661.061	19.120	1.680.181
XII.	DEFERRED TAX LIABILITY	(10)	-	27.065	27.065	-	21.837	21.837
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)	-	25.674.225	25.674.225	-	22.741.964	22.741.964
14.1	Loans		-	2.037.123	2.037.123	-	1.314.363	1.314.363
14.2	Other Debt Instruments		-	23.637.102	23.637.102	-	21.427.601	21.427.601
XV.	OTHER LIABILITIES	(6)	29.740.303	7.162.289	36.902.592	24.089.118	5.675.240	29.764.358
XVI.	SHAREHOLDERS' EQUITY	(13)	163.864.560	(10.211.743)	153.652.817	107.946.273	(6.803.154)	101.143.119
16.1	Paid-in capital		34.900.000	-	34.900.000	13.100.000	-	13.100.000
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		8.100.953	65.141	8.166.094	8.693.884	60.178	8.754.062
16.4	Accumulated Other Comprehensive Income or Expense Reclassified Through Profit or Loss		36.902.445	(12.557.422)	24.345.023	9.797.763	(9.020.047)	777.716
16.5	Profit Reserves		73.375.075	2.280.538	75.655.613	66.408.996	2.156.715	68.565.711
16.5.1	Legal Reserves		5.956.132	67.608	6.023.740	5.611.495	65.239	5.676.734
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		67.254.228	65.942	67.320.170	60.658.319	63.332	60.721.651
16.5.4	Other Profit Reserves		164.715	2.146.988	2.311.703	139.182	2.028.144	2.167.326
16.6	Profit or (Loss)		8.968.575	-	8.968.575	8.355.475	-	8.355.475
16.6.1	Prior Periods' Profit or (Loss)		1.288.263	-	1.288.263	436.497	-	436.497
16.6.2	Current Period Profit or (Loss)		7.680.312	-	7.680.312	7.918.978	-	7.918.978
16.7	Minority Interest		1.617.512	-	1.617.512	1.590.155	-	1.590.155
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			839.789.932	809.668.974	1.649.458.906	703.794.572	789.739.308	1.493.533.880

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED
31 MARCH 2022**

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

IV- CONSOLIDATED STATEMENT OF PROFIT OR LOSS INCOME AND EXPENSE ITEMS	Note (Section Five IV)	Current Period 1 January-31 March 2022	Prior Period 1 January-31 March 2021
I. INTEREST INCOME	(1)	39.644.771	21.842.168
1.1 Interest on Loans		25.824.661	16.552.333
1.2 Interest on Reserve Requirements		415.561	209.663
1.3 Interest on Banks		107.599	45.035
1.4 Interest on Money Market Transactions		2.083	1.917
1.5 Interest on Marketable Securities Portfolio		12.855.649	4.796.217
1.5.1 Fair Value Through Profit or Loss		151.419	62.982
1.5.2 Fair Value through Other Comprehensive Income		10.744.567	4.185.347
1.5.3 Measured at Amortized Cost		1.959.663	547.888
1.6 Financial Lease Interest Income		206.471	107.470
1.7 Other Interest Income		232.747	129.533
II. INTEREST EXPENSE (-)	(2)	19.602.860	14.967.575
2.1 Interest on Deposits		14.081.459	9.829.959
2.2 Interest on Funds Borrowed		533.959	250.985
2.3 Interest Expense on Money Market Transactions		3.548.322	4.131.318
2.4 Interest on Securities Issued		861.198	589.233
2.5 Interest on Leases		50.283	31.462
2.6 Other Interest Expenses		527.639	134.618
III. NET INTEREST INCOME (I - II)		20.041.911	6.874.593
IV. NET FEES AND COMMISSIONS INCOME		2.504.374	1.275.790
4.1 Fees and Commissions Received		3.317.634	1.724.319
4.1.1 Non-cash Loans		535.267	336.819
4.1.2 Other		2.782.367	1.387.500
4.2 Fees and Commissions Paid (-)		813.260	448.529
4.2.1 Non-cash Loans		233	107
4.2.2 Other		813.027	448.422
V. DIVIDEND INCOME		1.001	5.348
VI. TRADING PROFIT/(LOSS) (Net)	(3)	276.698	(2.456.884)
6.1 Trading Gains / (Losses) on Securities		463.985	812
6.2 Gains / (Losses) on Derivative Financial Transactions		(1.792.690)	(2.854.308)
6.3 Foreign Exchange Gains/(Losses)		1.605.403	396.612
VII. OTHER OPERATING INCOME	(4)	2.227.368	1.498.853
VIII. GROSS OPERATING PROFIT (III+IV+V+VI+VII)		25.051.352	7.197.700
IX. EXPECTED CREDIT LOSS (-)	(5)	5.040.509	1.852.968
X. OTHER PROVISION EXPENSES (-)	(5)	2.109.804	120.742
XI. PERSONNEL EXPENSE (-)		2.346.179	1.343.323
XII. OTHER OPERATING EXPENSES (-)	(6)	3.517.088	2.212.101
XIII. NET OPERATING PROFIT/(LOSS) (VIII-IX-X-XI-XII)		12.037.772	1.668.566
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XV. PROFIT/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		33.764	13.451
XVI. PROFIT/(LOSS) ON NET MONETARY POSITION		-	-
XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)	(7)	12.071.536	1.682.017
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(8)	(4.371.462)	(341.587)
18.1 Current Tax Provision		(13.263.003)	(840.599)
18.2 Deferred Tax Expense Effect (+)		(882.417)	(185.325)
18.3 Deferred Tax Income Effect (-)		9.773.958	684.337
XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)	(9)	7.700.074	1.340.430
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1 Income from Non-Current Assets Held for Sale		-	-
20.2 Income 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 on Non-Current Assets Held for Sale		-	-
21.2 Expense from Sales of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)		-	-
21.3 Expenses for Other Discontinued Operations		-	-
PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)		-	-
XXII. 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) (XVII+XXIII)	(10)	7.700.074	1.340.430
25.1 Profit / (Loss) from the Group		7.680.312	1.339.985
25.2 Profit / (Loss) from Minority Interest		19.762	445
Earnings/(Loss) per share (in TL full)		0,441	0,102

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2022**

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

V- CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Current Period 1 January- 31 March 2022	Prior Period 1 January- 31 March 2021
I.	PROFIT (LOSS)	7.700.074	1.340.430
II.	OTHER COMPREHENSIVE INCOME	22.956.829	(7.611.392)
2.1	Other Comprehensive Income That will Not Be Reclassified To Profit or Loss	(610.788)	(151.213)
2.1.1	Gains (Losses) on Revaluation of Property, Plant and Equipment	(125.400)	(39.887)
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	(586.703)	(138.451)
2.1.5	Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	101.315	27.125
2.2	Other Comprehensive Income That Will Be Reclassified to Profit or Loss	23.567.617	(7.460.179)
2.2.1	Exchange Differences on Translation	276.474	215.087
2.2.2	Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	28.622.917	(9.719.199)
2.2.3	Income (Loss) Related with Cash Flow Hedges	-	-
2.2.4	Income (Loss) Related with Hedges of Net Investments in Foreign Operations	385.911	101.481
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	(5.717.685)	1.942.452
III.	TOTAL COMPREHENSIVE INCOME (I+II)	30.656.903	(6.270.962)

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 MARCH 2022

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

VI - CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid in Capital	Share Premium	Share Cancellation Profits	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)	Shareholders Equity Before Minority Interest	Minority Interest	Total Equity
					1	2	3 ^(c)	4	5	6						
Current Period 31 March 2022																
I. Prior Period End Balance	13.100.000	-	-	-	6.983.490	219.940	1.550.632	4.396.571	(5.813.923)	2.195.068	68.565.711	8.355.475	-	99.552.964	1.590.155	101.143.119
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	13.100.000	-	-	-	6.983.490	219.940	1.550.632	4.396.571	(5.813.923)	2.195.068	68.565.711	8.355.475	-	99.552.964	1.590.155	101.143.119
IV. Total comprehensive income	-	-	-	-	(121.869)	-	(488.919)	276.474	22.905.232	385.911	-	-	7.680.312	30.637.141	19.762	30.656.903
V. Capital increase by cash	21.800.000	-	-	-	-	-	-	-	-	-	-	-	-	21.800.000	-	21.800.000
VI. Capital increase by internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase (decrease) by other changes	-	-	-	-	-	-	(2.828)	-	(310)	-	201.853	(153.515)	-	45.200	7.595	52.795
XI. Profit distribution	-	-	-	-	-	-	25.648	-	-	-	6.888.049	(6.913.697)	-	-	-	-
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	6.849.998	(6.849.998)	-	-	-	-
11.3 Other	-	-	-	-	-	-	25.648	-	-	-	38.051	(63.699)	-	-	-	-
Balance at the end of the period (III+IV+.....+X+XI)	34.900.000	-	-	-	6.861.621	219.940	1.084.533	4.673.045	17.090.999	2.580.979	75.655.613	1.288.263	7.680.312	152.035.305	1.617.512	153.652.817

- Increases and decreases in Tangible and Intangible Assets Revaluation Reserve
- Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans
- 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 Differences on Translation)
- Exchange Differences on Translation
- Accumulated gains (losses) due to revaluation and/or reclassification of financial assets at fair value through other comprehensive income
- 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)

^(c)The exemption amounts of the gains arising from the sale of immovables and affiliate shares amounting to TL 2.140.022 related to the Corporate Tax Law article 5. 1. e. are monitored.

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 MARCH 2021

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

VI- CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid in Capital	Share Premium	Share Cancellation Profits	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)	Shareholders Equity Before Minority Interest	Minority Interest	Total Equity
					1	2	3 ^(*)	4	5	6						
PRIOR PERIOD																
31 March 2021																
I. Prior Period End Balance	13.100.000	-	-	(17.745)	6.136.881	3.716	(553.770)	3.036.019	839.365	644.292	58.720.828	13.159.432	-	95.069.018	4.535	95.073.553
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	13.100.000	-	-	(17.745)	6.136.881	3.716	(553.770)	3.036.019	839.365	644.292	58.720.828	13.159.432	-	95.069.018	4.535	95.073.553
IV. Total comprehensive income	-	-	-	-	(35.837)	-	(115.376)	215.087	(7.777.006)	101.481	-	-	1.339.985	(6.271.666)	704	(6.270.962)
V. Capital increase by cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase by internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase (decrease) by other changes	-	-	-	(1.956)	-	-	(490)	-	-	-	265.837	(172.295)	-	91.096	-	91.096
XI. Profit distribution	-	-	-	-	-	-	2.114.374	-	-	-	9.228.615	(11.342.989)	-	-	-	-
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	8.577.454	(8.577.454)	-	-	-	-
11.3 Other	-	-	-	-	-	-	2.114.374	-	-	-	651.161	(2.765.535)	-	-	-	-
Balance at the end of the period (III+IV+.....+X+XI)	13.100.000	-	-	(19.701)	6.101.044	3.716	1.444.738	3.251.106	(6.937.641)	745.773	68.215.280	1.644.148	1.339.985	88.888.448	5.239	88.893.687

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 Differences on Translation

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

^(*) Corporate Tax Law, 5. 1. e. The exemption amounts of the gains arising from the sale of immovables and affiliate shares amounting to TL 2.114.374 related to the article are monitored.

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED
31 MARCH 2022**

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

VII. CONSOLIDATED STATEMENT OF CASH FLOWS	Note	Current Period 1 January-31 March 2022	Prior Period 1 January-31 March 2021
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		9.895.892	930.846
1.1.1 Interest Received		32.418.230	21.051.818
1.1.2 Interest Paid		(16.837.617)	(13.754.233)
1.1.3 Dividend Received		1.001	5.348
1.1.4 Fees and Commissions Received		4.500.455	1.740.374
1.1.5 Other Income		1.292.406	383.262
1.1.6 Collections from Previously Written-off Loans and Other Receivables		1.273.025	752.908
1.1.7 Cash Payments to Personnel and Service Suppliers		(3.167.527)	(1.511.839)
1.1.8 Taxes Paid		(196.318)	(1.044.129)
1.1.9 Other		(9.387.763)	(6.692.663)
1.2 Changes in Operating Assets and Liabilities		(49.047.755)	6.428.428
1.2.1 Net (Increase) / Decrease in Financial Assets At Fair Value Through Profit Or Loss		(1.481.203)	(3.048.847)
1.2.2 Net (Increase) / Decrease in Due From Banks And Other Financial Institutions		(8.020.388)	(4.861.022)
1.2.3 Net (Increase) / Decrease in Loans		(76.041.771)	(12.936.609)
1.2.4 Net (Increase) / Decrease in Other Assets		(5.384.253)	(474.975)
1.2.5 Net Increase / (Decrease) in Bank Deposits		(2.260.291)	2.527.438
1.2.6 Net Increase / (Decrease) in Other Deposits		103.562.232	(2.833.300)
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		2.657.453	(648.399)
1.2.9 Net Increase / (Decrease) in Payables		-	-
1.2.10 Net Increase / (Decrease) in Other Liabilities		(62.079.534)	28.704.142
I. Net Cash Provided from Banking Operation		(39.151.863)	7.359.274
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		(29.990.647)	(9.772.812)
2.1 Cash Paid For Acquisition of Investments, Associates, Subsidiaries and Entities under Common Control (Joint Venture)		(65.013)	(142.509)
2.2 Cash Obtained From Disposal of Investments, Associates, Subsidiaries and Entities under Common Control (Joint Venture)		-	-
2.3 Purchases of Property and Equipment		(858.865)	(490.021)
2.4 Disposals of Property and Equipment		755.211	205.041
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(12.070.449)	(21.018.549)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		8.923.147	9.155.069
2.7 Purchase of Financial Assets Measured at Amortized Cost		(27.044.858)	(11.562)
2.8 Sale of Financial Assets Measured at Amortized Cost		370.180	2.529.719
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		23.368.781	3.753.888
3.1 Cash Obtained from Funds Borrowed and Securities Issued		5.406.812	7.186.536
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(3.719.664)	(3.360.000)
3.3 Issued Equity Instruments		21.800.000	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(118.367)	(72.648)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		969.721	3.573.185
V. Net Increase in Cash and Cash Equivalents (I+II+III+IV)		(44.804.008)	4.913.535
VI. Cash and Cash Equivalents at Beginning of the Period		110.121.556	43.002.234
VII. Cash and Cash Equivalents at End of the Period		65.317.548	47.915.769

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

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SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

a. Financial statements and related explanations and preparation of footnotes in compliance with Turkish Accounting Standards (“TAS”) and “Regulation on Accounting Applications for Banks and Safeguarding of Documents”

The consolidated 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 consolidated 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 the “Communiqué on Public Disclosures on Risk Management by Banks”, published in the Official Gazette No. 29511, dated 23 October 2015 and amendments to these Communiqué. The Parent Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

Financial statements of subsidiaries in abroad are prepared in accordance with prevalent law and legislation in their country, adjustments and reclassifications are reflected on the purpose of fair presentation pursuant to Reporting Standards.

The consolidated 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”).

The COVID-19 pandemic, which has emerged in China, has spread to various countries around the world, causing potentially fatal respiratory infections, affects both regional and global economic conditions negatively, as well as causing malfunctions in operations, especially in countries exposed to the pandemic. As a result of the spread of COVID-19 around the world, various measures have been taken in our country as well as in the world in order to prevent the transmission of the virus. In addition to these measures, economic measures are also taken to minimize the economic impact of the virus outbreak on individuals and businesses in our country and worldwide.

While preparing the interim financial statements dated 31 March 2022, the Parent Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements. Fair value measurements are revised within the scope of TFRS 13 Fair Value Measurement standard, with the expected credit loss provisions reflected in the financial statements and the assumptions and judgments used in estimating these losses.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued)

As of 31 March 2022, due to the adverse effects of the COVID-19 pandemic, the Parent Bank reviewed the valuation of financial assets whose fair value difference was reflected to other comprehensive income and whose fair value difference was reflected to profit or loss and as of the reporting date, corrections have been taken into account. The fair values were determined and accounted for as of the valuation date with the valuation reports prepared for the entity under common control monitored with their fair values, the entity under common control and the securities representing a share in the capital. On the other hand, the Parent Bank evaluated the effects of the COVID-19 pandemic with regard to the financial instruments whose fair value hierarchy was determined as Level 3 due to the fact that it involves significant estimates and judgments and there are no changes that require any correction as of the reporting date. As of 31 March 2022, the Parent Bank does not have any assets or liabilities in the fair value hierarchy that would require any adjustment due to COVID-19.

The Parent Bank reflected the estimates and judgments into the calculation of expected credit losses with the maximum effort and the best estimation method. The Parent Bank has revised its macroeconomic expectations and has reflected to the financial statement as of 31 March 2022, 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 January 20, 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards Accordingly, it has been stated that companies applying TFRS are not required to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. As of March 31, 2022, no new announcement has been made by Public Oversight Accounting and Auditing Standards Authority (“POA”) in this context, and no inflation adjustment has been made in accordance with TAS 29 while preparing the financial statements dated March 31, 2022.

The Parent 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued)

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 current crisis is not expected to have a negative impact on our 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.

Changes in Accounting Policies

The Benchmark Interest Rate Reform, which brings amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2021, has been implemented. With the amendments made, certain exceptions are provided for the basis used in determining contractual cash flows and hedge accounting provisions. The Bank has participated in international protocols within the scope of IBOR transformation. The Benchmark Interest Rate Reform process continues and the Bank has been continuing to work within the scope of adaptation to the changes.

b. Explanation for convenience translation to English:

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in these consolidated financial statements. Accordingly, these consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

Main activity of the Parent 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 Parent Bank’s main funding sources are deposits, repurchase agreements, issued securities and shareholders’ equity. The Parent Bank directs these funds to assets with high return and low risk that include predominantly domestic government bonds and loans. The Parent Bank’s liquidity structure is considered the financing of all liabilities at due date. Although most of the sources in the Parent 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 Parent Bank adopts higher return principle for its long-term placements.

Loans and securities are instruments from which the Parent 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 Parent Bank’s total debt to the market is low among its total liabilities, the Parent Bank can borrow easily from short-term markets, such as Borsa Istanbul (“BIST”), Central Bank of the Republic of Turkey, Money Market or Interbank Money Market in case of need. In case of a liquidity crisis, the deposit base of the Parent Bank is not presumed to be significantly affected from liquidity risk since the Parent 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”.

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 291.627 thousand (31 December 2021: EUR 288.527 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 Parent Bank are converted into Turkish Lira with the Parent Bank’s prevailing counter currency buying rates at the balance sheet date.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. INFORMATION ON CONSOLIDATED SUBSIDIARIES

1. Consolidation Principles Applied

The consolidated financial statements have been prepared in accordance with the procedures listed in the “Communiqués related to the Regulation on the Preparation of the Consolidated Financial Statements of Banks” published in the Official Gazette No. 26340 dated 8 November 2006 and the “Consolidated Financial Statements” (“TFRS 10”).

1.1. Consolidation Principles for Subsidiaries

Subsidiaries are all entities in which the Group has the power to control financial and operational policies for the benefit of the Parent Bank (a) directly and indirectly, with the authority to exercise more than 50% of the voting rights pertaining to shares in the owned companies; or (b) not having the power to exercise more than 50% of the rights of use, otherwise having control over financial and business policies.

Control is evident when the Parent Bank owns, either directly or indirectly, the majority of the share capital of the company or owns the privileged shares or owns the right of controlling the operations of the company in accordance with the agreements made with other shareholders or owns the right of appointment or the designation of the majority of the board of directors of the company.

Subsidiaries are consolidated with full consolidation method, considering the size of their assets and equity within the scope of their activities and the materiality principle. Subsidiaries are included in the scope of consolidation since the control of their activities is transferred to the group and are excluded from the scope of consolidation from the date the control disappears. Where necessary, the accounting policies of the subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

According to the full consolidation method, 100% of the balance sheet, profit or loss statement and off-balance sheet items of the subsidiaries are consolidated with the balance sheet, profit or loss statement and off-balance sheet items of the Parent Bank. The carrying amount of the Group's investments in each subsidiary is netted off with the portion of the capital of each subsidiary that belongs to the Group. Unrealized gains and losses and balances arising from transactions between subsidiaries included in consolidation are eliminated. In order to determine the net income of the Group, minority interest in the net income of the consolidated subsidiaries have been determined and deducted from the net income of the subsidiary. Minority interests in the consolidated balance sheet are presented separately from the liabilities and shares of the Group shareholders. In addition, minority interests are presented separately in the profit or loss statement interest.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. INFORMATION ON CONSOLIDATED SUBSIDIARIES (Continued)

1. Consolidation Principles Applied (Continued)

1.1. Consolidation Principles for Subsidiaries (Continued)

The subsidiaries included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	Address (City/Country)	Main Activities	Parent Bank’s Share- Percentage (%)	Parent Bank’s Risk Group Share Percentage(%)
Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	Brokerage Houses	99,60	99,60
Ziraat Portföy Yönetimi A.Ş.	İstanbul/Turkey	Portfolio Management	74,90	99,80
Ziraat Katılım Bankası A.Ş.	İstanbul/Turkey	Banking	100,00	100,00
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	Real Estate	81,06	81,06
Ziraat Girişim Sermayesi Ortaklığı A.Ş.	İstanbul/Turkey	Venture Capital	100,00	100,00
Ziraat Bank International AG	Frankfurt/Germany	Banking	100,00	100,00
Ziraat Bank BH d.d.	Sarajevo/Bosnia and Herzegovina	Banking	100,00	100,00
Ziraat Bank (Moscow) JSC	Moscow/Russia	Banking	99,91	100,00
Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	Banking	99,83	99,83
Ziraat Bank Azerbaijan ASC	Baku/Azerbaijan	Banking	99,98	100,00
Ziraat Bank Montenegro AD	Podgorica/Montenegro	Banking	100,00	100,00
JSC Ziraat Bank Georgia	Tbilisi/Georgia	Banking	100,00	100,00
Ziraat Bank Uzbekistan JSC	Tashkent/Uzbekistan	Banking	100,00	100,00

1.2. Consolidation Principles of Associates and Joint Ventures

An associate is a partnership with which the Parent Bank participates in its capital and has significant effect on it although it has no capital or management control, whose main operation is banking, and which operates according to special legislation with permission and license and is established abroad. The related associate is consolidated with equity method in accordance with materiality principle. Significant effect refers to the participation power on the constitution of the financial and management policies of the participated associate. If the Parent Bank has 10% or more voting right on the associate, as long as it is not proved otherwise, it will be accepted that the Parent Bank has significant effect on that associate. Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in an associate from the changed amount in the associate participating shareholder’s equity during the period by the portion of the participant and the deduction of the dividend from the associate from the changed value of the associate amount. The associates and joint ventures consolidated with the equity method, their title, place of incorporation, main activities, effective shareholding rates and direct and indirect shareholding rates are as follows:

Title	Address(City/Country)	Main Activities	Parent Bank’s Share Percentage (%)	Group’s Share(%)
Turkmen Turkish Joint Stock Commercial Bank	Ashkhabad/Turkmenistan	Banking	50,00	50,00
Arap Türk Bankası A.Ş.	İstanbul/Turkey	Banking	15,43	15,43

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. INFORMATION ON CONSOLIDATED SUBSIDIARIES (Continued)

1. Consolidation Principles Applied (Continued)

1.3. Principles Applied During Share Transfer, Merger and Acquisition

Acquisition of entities are accounted by the purchase method on the date of purchase when the control is being transferred to the Group. Control explains managing power of Group on entity’s financial and operational policies for the purpose of providing benefit from operations of entity. While evaluating control, executable potential voting rights are taken consideration by Group.

1.4. Transactions with Minority Shareholders

The Group considers transactions with minority shareholders as transactions within the Parent Bank. For acquisitions from minority shareholders, the difference between the acquisition cost and related portion of net assets’ booked value is deducted from equity. Profit or loss resulting from sales to minority shareholders is booked under equity.

1.5. Presentation of Unconsolidated Subsidiaries and Associates in Consolidated Financial Statements

Subsidiaries, which are not included in the scope of consolidation, are accounted for their fair values, while associates are accounted for at their cost values after netting impairment if any and are reflected in the consolidated financial statements.

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

The Group’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 Parent Bank has no embedded derivative instruments separated from the articles of association.

Derivative financial instruments of the Group are classified under “IFRS 9 Financial Instruments Standard” (“IFRS 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 measured 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 considering 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

Interest income and expenses of the group 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 Parent 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 Reserve) 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.

Total of minimum rental payments including interests and principals are recorded under “financial lease receivables” as gross. The interest which is the difference between the total of rental payments and the cost of the related tangible asset is recorded under “unearned income”. When the rent payment incurs, the rent amount is deducted from “financial lease receivables”; and the interest portion is recorded as interest income in the profit or loss statement.

Profit share income is accounted for by applying the internal rate of return method. Group calculates expense accrual according to the unit value calculation method over the participation accounts.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

Income and expense 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 Group, if the Group is a legal party to these instruments.

The Group 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 Group’s commercial activities and operations. These instruments are able to expose, affect and diminish the liquidity, credit, and interest rate risks in the financial statements.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

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 by;

"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 are financial assets that are managed by business model other than the business model that aims to "hold to collect" and "hold & sell" the contractual cash flows; acquired for the purpose of generating profit from short-term fluctuations in price, or regardless of this purpose, the financial assets that are a part of a portfolio with evidence of short-time profit-taking; and the financial assets, whose terms do not give rise to cash flows that are solely payments of principal of interest at certain dates.

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.

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 Turkey, 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.

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(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 Other Comprehensive Income (Continued)

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 Parent 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 are recognized at 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.

Financial assets measured at fair value through other comprehensive income" and "financial assets measured at amortized cost" portfolios of the Group 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 Parent Bank also updates the estimated inflation rate used throughout the year in case of necessity. In this context, as of 31 March 2022, the valuation of the assets was made according to the annual 35% inflation forecast. At the end of the year, the actual inflation rate is used. A 1% increase in the CPI estimate will increase pre-tax period profit by TL 129,8 million as of 31 March 2022, and a decrease of 1% will decrease it by TL 137,1 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Explanations on Expected Loss Provisions

The Group 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 Parent 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.

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

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

In addition, using expert opinion, the Bank has made provision on the model outputs for customer groups that it believed that the model did not statistically respond to credit risk factors and/or were affected by the COVID-19 outbreak. The reserve will be reviewed in the following reporting periods, considering the impact of the pandemic, 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:

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

Impairment (Continued)

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.

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 consideration in determining the credit risk of the financial asset to be significantly increased and transferred to the stage 2 are, having day-past-due more than and equal to 30 days, and the Bank's internal early warning system note.

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 Group 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

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.

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 this estimation are the Gross Domestic Product (GDP) and the consumer price index (CPI), and risk parameters are updated if deemed necessary, taking into account their compatibility with the portfolio. In addition to macroeconomic indicators, the Bank takes into account the future expectations of its portfolio and the possible effects of COVID-19 in its models by using its best estimations in the presence of model variables and taking expert opinion.

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 Group due to its receivables are accounted for in accordance with “IFRS 5 Turkish Financial Reporting Standard for Non-current Assets Held for Sale and Discontinued Operations” in financial statement of the Group.

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 Group 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 Group does not have any discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill; is the difference between the acquisition cost the fair value of the identifiable assets, liabilities and contingent liabilities of the acquisition and it represents the payment that the acquirer expects to benefit in the future from assets that are not individually identifiable and separately accountable. Assets which are not included in the financial statements of the business purchased in business combinations; however, that are capable of being separated from goodwill, intangible assets and / or contingent liabilities are reflected to the financial statements with their fair values. As of the date of balance sheet, the Group has no goodwill in its financial statements. (31 December 2021: None)

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

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 Group recognizes its software costs incurred under the intangible assets-intangible rights account and the expenses that qualify as development are added to software's initial costs and amortized over 3 years considering the useful lives. The Parent 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 recognized 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 Parent Bank has changed its accounting policies and has decided to pursue the real estates registered in its portfolio at fair values. Valuation differences arising as a result of the valuation made by independent expertise firms for real estates are accounted under the tangible and intangible fixed asset revaluation differences account under 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.

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	3-25	4-33,33%
Assets held under financial leases	4-5	20-25%

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT (Continued)

Ordinary maintenance and repair expenses of 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 fixed assets.

XIV. EXPLANATIONS ON INVESTMENT PROPERTIES

Investment properties consist of assets held to earn rent and / or value increase. The mentioned real estates owned by the Group are shown in the consolidated financial statements using the fair value method within the framework of TAS 40 "Investment Properties". Gains and losses arising from a change in the fair value of investment properties are reflected in the profit / loss accounts in the period they occur.

XV. EXPLANATIONS ON LEASING TRANSACTIONS

Leases in TFRS 16

The Group 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 Group'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 Group; 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 Group remeasures the lease liability to reflect the changes in lease payments. The Group reflects the remeasurement amount of the lease liability, in financial statements as adjustments in right to use assets.

The Group 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.

The Group 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 Group 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XV. EXPLANATIONS ON LEASING TRANSACTIONS (Continued)

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

Subject to financial leasing in the consolidated balance sheet of the entity is shown as a receivable equal to net leasing. The interest income is determined to form a fixed revenue return ratio using net investment method related to lease asset of the lessor, and the portion of interest income which does not take part in the related term is followed under the unearned interest income account.

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 fixed assets account and are depreciated on annual and monthly basis with respect to their useful lives. Principal and installment paid for tangible fixed assets that are acquired under 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”.

XVI. 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 Group 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 Parent 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.

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

Employment Termination and Vacation Benefits

The Group 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

Employment Termination and Vacation Benefits (Continued)

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 Group and social security institution, retirement bonus pension/severance payments are calculated for the hours that the personnel has worked. Employment termination is calculated based on actuarial assumptions. These assumptions based on the calculation are below:

The Parent Bank uses independent actuaries in determining liability and makes assumptions about issues such as discount rate and inflation. As of 31 March 2022, retirement benefit obligation is TL 1.547.352 (31 December 2021: TL 1.393.410).

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

Communiqué on “Turkish Accounting Standard (“TAS19”) about Benefits for Employee (No:9)” published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority (“POA”) on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2012 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. Actuarial gains amounting to TL 219.940 was classified under shareholders’ equity in the financials. (31 December 2021: TL 219.940 profit).

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

In accordance with 58th article and 7th 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

The technical balance sheet report as of 31 December 2021 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 Parent 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 Parent Bank's financial statements.

XVIII. 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. The Corporate Tax rate, which is 20%, will be applied as %25 for the corporate earnings of the period 2021, as %23 for the corporate earnings of the period 2022 in accordance with Article 11 of the Law on the Procedure of Collection of Public Receivables and the Law on the Amendment of Certain Laws, published in the Official Gazette on 22 April 2021. As of 31 March 2022 the valid corporate tax ratio is %23 in Turkey.

With the Law No. 7394 on Evaluation of Immovable Property Owned by the Treasury and Amending the Value Added Tax Law, which was published in the Official Gazette dated April 15, 2022 and numbered 31810, and the Law No. With the paragraph added to the temporary article 13 of the Corporate Tax Law, it has been determined that the Corporate Tax rate will be rearranged for the corporate earnings of the 2022 taxation period and will be applied as for the banks 25%. With this amendment, 25% rate will be valid for the taxation of corporate earnings for the periods starting from 1 January 2022, starting with the declarations that must be submitted as of July 1, 2022.

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 Turkey 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 (It was changed with 89th article of code 7061 that entries into force in 5 December 2017).

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVIII. 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 2023 financial statements 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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XVIII. EXPLANATIONS ON TAXATION (Continued)

Current Tax (Continued)

Tax rates used in tax calculation considering the related countries' tax legislation as of 31 March 2022 are presented below:

Russia	20%
Kazakhstan	20%
Germany	15%
Bosnia Herzegovina	10%
Azerbaijan	20%
Montenegro	15%
Georgia	15%
Uzbekistan	20%

Deferred Tax

The Parent 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.

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, the Bank has 31 As of March 2022, deferred tax calculations were made based on rates varying between 20% and 23% 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.

Deferred tax assets and liabilities are reflected in the consolidated financial statements by offsetting in the separate financial statements of the consolidated subsidiaries.

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 1 January 2018. Deferred rate calculation for free provisions is not calculated.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIX. EXPLANATIONS ON BORROWINGS

The Group 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 Group has no borrowings that require hedging techniques for accounting and revaluation of debt instruments and liabilities representing the borrowings.

If required, the Group 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 Group has issued no convertible bonds to shares and has no instruments representing its own borrowings.

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

There are no issued shares by the Group.

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

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

XXII. EXPLANATIONS ON GOVERNMENT GRANTS

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

XXIII. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are cash on hand, demand deposits and other highly liquid short-term investments with maturities of 3 months or less following the date of acquisition, which is readily convertible to a known amount of cash and does not bear the risk of significant amount of value change. The book 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 markets receivables and time deposits at banks with original maturity periods of less than three months.

XXIV. EXPLANATIONS ON SEGMENT REPORTING

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXV. EXPLANATIONS ON OTHER MATTERS

Profit Distribution

According to the Bank's Ordinary General Assembly Meeting dated on 25 March 2022;

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; has been set aside 5% (TL 314.565) of the remaining legal reserve from the net profit of TL 6.291.309,

Real estate sales revenue exception calculated in accordance with the TPL within the scope of the 5/1-e clause of the Corporate Tax Law no. 5520 after deducting 50% of its base, TL 4.685, which is the portion associated with the profit for the period, is taken into a special fund account under the shareholders' equity to be followed up until the end of the 5th year following the year of the sale, the remaining TL 5.972.059 is transferred to extraordinary reserves,

TL 20.963, which is 50% of the real estate sales income exemption base calculated according to the TPL within the scope of the 5/1-e clause of the Corporate Tax Law no. 5520, out of TL 63.699, which arises from real estate valuation differences and is monitored in the profit of previous years as required by within the framework of the relevant TMS to be monitored until the end of the fifth year following the year in which the sale was made, to a special fund account under equity, 5% (TL 2.137) of the remaining TL 42.376 to be allocated as legal reserves, and the remaining TL 40.599 to be decided to transfer to extraordinary reserves.

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SECTION FOUR

EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT

I. EXPLANATIONS ON THE COMPONENTS OF CONSOLIDATED 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 21 December 2021 and numbered 9996, the application for using the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date while calculating the valued amounts in foreign currency in the calculation of the amount subject to credit risk within the framework of the regulation dated 16 September 2021 and numbered 9795; It has been changed by using the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days as of 31 December 2021, in the aforementioned calculation.
- Within the framework of the regulation dated December 21, 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 31 March 2022.

As of 31 March 2022, the Parent Bank's total regulatory capital has been calculated as TL 185.073.105 (31 December 2021: TL 135.084.119), capital adequacy ratio is 19,46% (31 December 2021: 15,66%). This ratio is well above the minimum ratio required by the legislation.

1. Information Related to The Components of Shareholders' Equity

	Current Period 31 March 2022	Amount as per the regulation before 01/01/2014*
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	34.900.000	-
Share issue premiums	-	-
Reserves	75.655.613	-
Gains recognized in equity as per TAS	44.946.364	-
Profit	8.968.575	-
Current Period Profit	7.680.312	-
Prior Period Profit	1.288.263	-
Shares acquired free of charge from subsidiaries, affiliates and entities under common control and cannot be recognized within profit for the period	151.365	-
Minority Interest	1.016	-
Common Equity Tier 1 Capital Before Deductions	164.622.933	-
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	12.586.612	-
Improvement costs for operating leasing	82.802	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1.817.449	1.817.449
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	-	-
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	-	-

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT

(Continued)

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

1. Information Related to The Components of Shareholders' Equity (Continued)

	Current Period 31 March 2022	Amount as per the regulation before 01/01/2014*
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	14.486.863	-
Total Common Equity Tier I Capital	150.136.070	-
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	24.405.738	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Third parties' share in the secondary capital	-	-
Third parties' share in the secondary capital (Covered by Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	24.405.738	-
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	24.405.738	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	174.541.808	-
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)	-	-
Third parties' share in the secondary capital	-	-
Third parties' share in the secondary capital (Covered by Temporary Article 3)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	10.543.945	-
Tier II Capital Before Deductions	10.543.945	-
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	-	-

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(Continued)

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

1. Information Related to The Components of Shareholders' Equity (Continued)

	Current Period 31 March 2022	Amount as per the regulation before 01/01/2014*
Total Tier II Capital	10.543.945	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	185.085.753	-
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	12.648	-
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)	185.073.105	-
Total Risk Weighted Assets	951.238.568	-
CAPITAL ADEQUACY RATIOS		
Consolidated CET 1 Capital Ratio (%)	15,78	-
Consolidated Tier I Capital Ratio (%)	18,35	-
Consolidated Capital Adequacy Ratio (%)	19,46	-
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	4,56	-
a) Capital conservation buffer requirement (%)	2,5	-
b) Bank specific countercyclical buffer requirement (%)	0,06	-
c) Higher bank buffer requirement ratio (%) (**)	2	-
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	11,28	-
Amounts Lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	266.376	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	106.031	-
Remaining Mortgage Servicing Rights		
Net Deferred Tax Assets arising from Temporary Differences	6.159.441	-
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)	23.245.911	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	10.543.945	-
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	-	-

(*) Amounts considered within transition provisions.

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

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

1. Information Related to The Components of Shareholders' Equity (Continued)

	Prior Period 31 December 2021	Amount as per the regulation before 01/01/2014
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	13.100.000	-
Share issue premiums	-	-
Reserves	68.565.711	-
Gains recognized in equity as per TAS	18.413.122	-
Profit	8.355.475	-
Current Period Profit	7.918.978	-
Prior Period Profit	436.497	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	138.703	-
Minority Interest	923	-
Common Equity Tier 1 Capital Before Deductions	108.573.934	-
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	3.209.640	-
Improvement costs for operating leasing	76.178	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1.677.133	1.677.133
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	-	-
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	-	-

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

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

1. Information Related to The Components of Shareholders' Equity (Continued)

	Prior Period 31 December 2021	Amount as per the regulation before 01/01/2014*
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	4.962.951	-
Total Common Equity Tier I Capital	103.610.983	-
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	21.860.635	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Third parties' share in the Additional Tier I capital	-	-
Third parties' share in the Additional Tier I capital (Covered by Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	21.860.635	-
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 Consolidated 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 Consolidated 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 I 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 I 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	21.860.635	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	125.471.618	-
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)	-	-
Third parties' share in the secondary capital	-	-
Third parties' share in the secondary capital (Covered by Temporary Article 3)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	9.628.527	-
Tier II Capital Before Deductions	9.628.527	-
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	9.628.527	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	135.100.145	-

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(Continued)

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

1. Information Related to The Components of Shareholders' Equity (Continued)

	Prior Period 31 December 2021	Amount as per the regulation before 01/01/2014*
Total Capital (The sum of Tier I Capital and Tier II Capital)	135.100.145	-
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 (-)	16.026	-
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)	135.084.119	-
Total Risk Weighted Assets	862.578.752	-
CAPITAL ADEQUACY RATIOS		
Consolidated CET 1 Capital Ratio (%)	12,01	-
Consolidated Tier I Capital Ratio (%)	14,55	-
Consolidated Capital Adequacy Ratio (%)	15,66	-
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	4,56	-
a) Capital conservation buffer requirement (%)	2,5	-
b) Bank specific countercyclical buffer requirement (%)	0,06	-
c) Higher bank buffer requirement ratio (%)	2	-
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	7,51	-
Amounts Lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	251.635	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	95.387	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	2.991.519	-
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 ten thousand)	19.856.675	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	9.628.527	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0,6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 01 January 2018-01 January 2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(*) Amounts considered within transition provisions.

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(Continued)

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

2. Items Included in Capital Calculation

Information about instruments included in total capital calculation-Current Period	
T.C Ziraat Bankası A.Ş.	
Issuer	T.C Ziraat Bankası A.Ş.
Identifier (CUSIP, ISIN vb.)	XS1984644739
Governing law (s) of the instrument	Subject to English Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Communiqué VII-128.8 on Debt Instruments of the Capital Markets Board and the Regulation on Bank Capital and Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity of the BRSA.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	None
Eligible on unconsolidated and /or unconsolidated basis	Eligible on consolidated and unconsolidated
Instrument type	Additional Capital Bond Issuance (Tier 1 Capital)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	22.569
Nominal value of instrument (TL million)	22.569
Accounting classification of the instrument	347001- Subordinated Debts
Original date of issuance	24.04.2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Issue date of the instrument	24.04.2019
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	24.04.2024
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 incompliance 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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(Continued)

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

2. Items Included in Capital Calculation (Continued)

Information about instruments included in total capital calculation-Current Period	
Issuer	Turkish Wealth Fund.
Identifier (CUSIP, ISIN vb.)	-
Governing law (s) of the instrument	Regulation on Equities of Banks published in the Official Gazette on September 5, 2013.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	None
Eligible on unconsolidated and /or unconsolidated basis	Eligible on consolidated and unconsolidated
Instrument type	Additional Capital
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	1.268
Nominal value of instrument (TL million)	1.624
Accounting classification of the instrument	347001- Subordinated Debts
Original date of issuance	24.04.2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Issue date of the instrument	24.04.2019
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	Option date is 5 years, (it is subject to BRSA permission.)
Subsequent call dates, if applicable	-
Interest/dividend payment	
Fixed or floating coupon/dividend payments	None
Coupon rate and any related index	None
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	None
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)	If the CET 1 Capital adequacy ratio or the consolidated CET 1 Capital ratio falls below 5.125 percent
If bond can be written-down, full or partial	Yes
If bond can be written-down, permanent or temporary	Temporary
If temporary write-down, description of write-up mechanism.	It is possible to write up after temporary write down
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	i. After payments within the scope of Priority Liabilities, ii. Equal (pari passu) among themselves and with all other Co-Liabilities without order of preference, and iii. Prior to all payments under Low Degree Liabilities
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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(Continued)

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

2. Items Included in Capital Calculation (Continued)

Information about instruments included in total capital calculation-Current Period	
Issuer	Turkish Wealth Fund.
Identifier (CUSIP, ISIN vb.)	-
Governing law (s) of the instrument	Regulation on Equities of Banks published in the Official Gazette on September 5, 2013.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	None
Eligible on unconsolidated and /or unconsolidated basis	Eligible on consolidated and unconsolidated
Instrument type	Additional Capital
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	569
Nominal value of instrument (TL million)	926
Accounting classification of the instrument	347000- Subordinated Debts
Original date of issuance	09.03.2022
Maturity structure of the instrument (perpetual/dated)	Perpetual
Issue date of the instrument	09.03.2022
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	Option date is 5 years, (it is subject to BRSA permission.)
Subsequent call dates, if applicable	-
Interest/dividend payment	
Fixed or floating coupon/dividend payments	None
Coupon rate and any related index	None
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	None
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)	If the CET 1 Capital adequacy ratio or the consolidated CET 1 Capital ratio falls below 5.125 percent
If bond can be written-down, full or partial	Yes
If bond can be written-down, permanent or temporary	Temporary
If temporary write-down, description of write-up mechanism.	It is possible to write up after temporary write down
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	i. After payments within the scope of Priority Liabilities, ii. Equal (pari passu) among themselves and with all other Co-Liabilities without order of preference, and iii. Prior to all payments under Low Degree Liabilities
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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(Continued)

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

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

	Current Period	Prior Period
Balance Sheet - Equity	153.652.817	101.143.119
Operational Leasing Development Costs	(82.802)	(76.178)
Goodwill and Other Intangible Assets and Related Deferred Taxes Liabilities	(1.817.449)	(1.677.133)
TIER 2 Capital (Provisions)	10.543.945	9.628.527
Debt Instruments and the Related Issuance Premiums Defined by the BRSA TIER 2 Capital (Provisions)	24.405.738	21.860.635
Other deductions from common equity	(12.648)	(16.026)
Minority interest	(1.616.496)	(1.589.232)
Other regulations	-	5.810.407
Amount recognized in regulatory capital	185.073.105	135.084.119

II. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK

**1. Whether the Parent 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 Parent 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.

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(Continued)

II. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK (Continued)

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 Parent 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 Parent 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 8.

4. Current Foreign Exchange Bid Rates of The Parent Bank for The Last 5 Business Days Prior to The Financial Statement Date

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
24.03.2022	14,6797	16,1359	11,0421	2,1696	1,5627	15,7626	11,7278	1,6986	19,3596	3,9135	12,0365
25.03.2022	14,6983	16,1916	11,0472	2,1765	1,5658	15,8233	11,7511	1,7054	19,4120	3,9184	12,0468
28.03.2022	14,6844	16,1073	10,9751	2,1656	1,5409	15,7069	11,6710	1,6802	19,2102	3,9148	11,8950
29.03.2022	14,5010	16,0903	10,8714	2,1633	1,5594	15,5607	11,5869	1,6722	19,0442	3,8644	11,8260
30.03.2022	14,5000	16,1849	10,9127	2,1763	1,5681	15,7216	11,6457	1,6916	19,1009	3,8650	11,8911
31.03.2022	14,5295	16,1205	10,8986	2,1674	1,5577	15,7741	11,6255	1,6590	19,1034	3,8731	11,9614

5. Simple Arithmetic Average of The Parent Bank’s Current Foreign Exchange Bid Rates for The Last 30 Days Prior to The Balance Sheet Date

USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
14,4807	15,9440	10,6893	2,1433	1,5136	15,5834	11,4463	1,6406	19,0714	3,8600	12,2210

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT

(Continued)

II. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK (Continued)

6. Information on The Foreign Currency Risk of The Group

	EUR	USD	Other FC	Total
Current Period				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	71.613.148	73.428.641	33.402.665	178.444.454
Banks ⁽⁷⁾	6.015.190	7.031.828	4.028.964	17.075.982
Financial Assets at Fair Value Through Profit and Loss	38.024	1.119.550	26.460.669	27.618.243
Money Markets Receivables	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	12.491.086	153.811.747	376.580	166.679.413
Loans ⁽¹⁾⁽⁶⁾	148.682.000	181.815.649	8.478.228	338.975.877
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures)	-	513.571	27.999	541.570
Financial Assets Measured at Amortised Cost	28.528.770	7.919.779	76.015	36.524.564
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	283.647	5.131	1.012.110	1.300.888
Intangible Assets	49.850	7.419	79.470	136.739
Other Assets ⁽³⁾	1.271.042	4.486.610	633.705	6.391.357
Total Assets ⁽⁴⁾	268.972.757	430.139.925	74.576.405	773.689.087
Liabilities				
Interbank Deposits	35.443.661	4.238.259	2.110.688	41.792.608
Foreign Currency Deposits	267.445.554	239.402.401	99.736.877	606.584.832
Money Market Borrowings	-	38.248.142	-	38.248.142
Funds Provided from Other Financial Institutions	21.338.147	43.708.495	1.551.666	66.598.308
Issued Marketable Securities ⁽⁵⁾	23.637.102	27.957.618	999.464	52.594.184
Miscellaneous Payables	2.506.080	1.627.452	371.656	4.505.188
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	3.937.939	5.126.270	493.246	9.557.455
Total Liabilities	354.308.483	360.308.637	105.263.597	819.880.717
Net Balance Sheet Position	(85.335.726)	69.831.288	(30.687.192)	(46.191.630)
Net Off-Balance Sheet Position ⁽²⁾	87.003.965	(72.433.550)	35.375.799	49.946.214
Financial Derivative Assets	104.086.844	102.596.230	40.744.590	247.427.664
Financial Derivative Liabilities	17.082.879	175.029.780	5.368.791	197.481.450
Non-Cash Loans	90.573.216	154.411.436	20.767.179	265.751.831
Prior Period				
Total Assets	253.299.389	413.574.708	69.264.835	736.138.932
Total Liabilities	350.705.225	349.953.009	95.884.228	796.542.462
Net Balance Sheet Position	(97.405.836)	63.621.699	(26.619.393)	(60.403.530)
Net Off-Balance Sheet Position ⁽²⁾	100.986.295	(70.381.915)	32.096.177	62.700.557
Financial Derivative Assets	114.544.132	92.671.196	38.423.861	245.639.189
Financial Derivative Liabilities	13.557.837	163.053.111	6.327.684	182.938.632
Non-Cash Loans	82.654.563	128.029.712	17.311.928	227.996.203

(1) TL 132.045 (31 December 2021: TL 133.697) equivalent of loans granted is USD and TL 120.149 (31 December 2021: TL 140.542) 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 68.045 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 receivables from lease transactions and factoring receivables.

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

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT

(Continued)

II. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK (Continued)

6. Information on The Foreign Currency Risk of The Group (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 three-month accounting periods ending on 31 March 2022 and 31 March 2021 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 - 31 March 2022		Prior Period - 31 March 2021	
	Profit/Loss Statement	Equity (*)	Profit/Loss Statement	Equity (*)
USD	(334.487)	(615.850)	(475.207)	(605.395)
EUR	150.839	(238.359)	(171.497)	(398.484)
Other currencies	83.234	83.234	156.918	156.918
Total (Net) (**)	(100.414)	(770.975)	(489.786)	(846.961)

(*) Equity effect also includes the effect of the profit or loss to occur due to the 10% appreciation of the TL 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 three-month accounting periods ending on 31 March 2022 and 31 March 2021 is shown in the table below:

	Current Period - 31 March 2022		Prior Period - 31 March 2021	
	Profit/Loss Statement	Equity (*)	Profit/Loss Statement	Equity (*)
USD	334.487	615.850	475.207	605.395
EUR	(150.839)	238.359	171.497	398.484
Other currencies	(83.234)	(83.234)	(156.918)	(156.918)
Total (Net) (**)	100.414	770.975	489.786	846.961

(*) Equity effect also includes the effect of the profit or loss to occur due to the 10% depreciation of the TL 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 CONSOLIDATED INTEREST RATE RISK

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

(Based on days to repricing dates)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	17.528.724	-	-	-	-	171.462.950	188.991.674
Banks ⁽⁸⁾	4.777.564	288.510	56.656	373.417	4.591	14.810.747	20.311.485
Financial Assets at Fair Value Through Profit and Loss	107.011	3.616.303	63.413	22.975.832	29.010	3.768.292	30.559.861
Money Markets Receivables	909.475	-	-	-	-	-	909.475
Financial Assets at Fair Value Through Other Comprehensive Income	11.836.564	49.505.557	99.703.554	107.827.146	59.595.130	1.953.395	330.421.346
Loans Given ^{(3) (7)}	263.592.919	103.019.087	184.752.398	307.744.220	82.565.975	4.674.678	946.349.277
Financial Assets Measured at Amortised Cost	1.663.056	1.155.472	13.302.677	31.669.913	30.741.583	-	78.532.701
Other Assets ⁽²⁾	1.776.338	4.019.302	665.555	373.182	466.732	46.081.978	53.383.087
Total Assets ^{(1) (5)}	302.191.651	161.604.231	298.544.253	470.963.710	173.403.021	242.752.040	1.649.458.906
Liabilities							
Interbank Deposits	25.587.097	13.149.518	10.767.391	1.980.911	-	7.666.087	59.151.004
Other Deposits	410.757.310	169.409.468	137.694.946	4.827.430	4.469.107	400.077.281	1.127.235.542
Money Market Borrowings	91.049.286	8.978.954	1.381.952	10.567.119	-	-	111.977.311
Miscellaneous Payables	-	-	-	-	-	23.671.418	23.671.418
Issued Marketable Securities ⁽⁶⁾	2.838.882	11.717.875	586.277	42.419.799	-	4.500	57.567.333
Funds Provided from Other Financial Institutions	32.156.244	13.618.545	9.925.282	10.508.101	832.606	12.848	67.053.626
Other Liabilities ^{(4) (6)}	1.390.156	2.735.851	890.449	770.156	618.593	196.397.467	202.802.672
Total Liabilities ⁽¹⁾	563.778.975	219.610.211	161.246.297	71.073.516	5.920.306	627.829.601	1.649.458.906
Balance Sheet Long Position	-	-	137.297.956	399.890.194	167.482.715	-	704.670.865
Balance Sheet Short Position	(261.587.324)	(58.005.980)	-	-	-	(385.077.561)	(704.670.865)
Off-Balance Sheet Long Position	(1.321.679)	489.835	-	11	-	-	(831.833)
Off-Balance Sheet Short Position	(2.111.304)	(1.055.652)	(395.332)	-	(1.015.345)	-	(4.577.633)
Total Position	(265.020.307)	(58.571.797)	136.902.624	399.890.205	166.467.370	(385.077.561)	(5.409.466)

(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 receivables from leasing transactions.

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

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

III. EXPLANATIONS ON THE CONSOLIDATED 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 Turkey	30.229.017	-	-	-	-	197.311.613	227.540.630
Banks	4.535.689	538.220	637.628	589	-	11.811.053	17.523.179
Financial Assets at Fair Value Through Profit and Loss	52.804	6.706.897	3.067.736	15.909.462	26.184	2.788.039	28.551.122
Money Markets Receivables	1.249.698	-	-	-	-	-	1.249.698
Financial Assets at Fair Value Through Other Comprehensive Income	42.468.332	20.572.880	59.285.568	96.175.210	60.561.662	714.402	279.778.054
Loans Given ⁽³⁾⁽⁷⁾	251.702.029	81.325.397	166.982.372	262.666.274	73.902.547	4.933.304	841.511.923
Financial Assets Measured at Amortised Cost	813.081	1.110.034	10.184.626	27.787.469	6.433.681	-	46.328.891
Other Assets ⁽²⁾	4.466.630	4.320.376	2.853.665	563.769	357.272	38.488.671	51.050.383
Total Assets ⁽¹⁾⁽⁵⁾	335.517.280	114.573.804	243.011.595	403.102.773	141.281.346	256.047.082	1.493.533.880
Liabilities							
Interbank Deposits	29.977.786	5.293.148	16.173.994	563.517	1.139.209	6.995.085	60.142.739
Other Deposits	399.092.536	136.846.047	78.282.668	9.080.479	4.252.706	364.163.526	991.717.962
Money Market Borrowings	153.540.717	21.374.101	2.553.454	3.015.469	-	-	180.483.741
Miscellaneous Payables	-	-	-	-	-	19.033.000	19.033.000
Issued Marketable Securities ⁽⁶⁾	1.245.168	2.527.922	9.333.952	38.630.139	-	-	51.737.181
Funds Provided from Other Financial Institutions	3.235.390	21.521.436	24.651.350	10.806.615	714.206	11.834	60.940.831
Other Liabilities ⁽⁴⁾	337.503	804.305	1.964.292	1.982.537	636.606	123.753.183	129.478.426
Total Liabilities ⁽¹⁾	587.429.100	188.366.959	132.959.710	64.078.756	6.742.727	513.956.628	1.493.533.880
Balance Sheet Long Position	-	-	110.051.885	339.024.017	134.538.619	-	583.614.521
Balance Sheet Short Position	(251.911.820)	(73.793.155)	-	-	-	(257.909.546)	(583.614.521)
Off-Balance Sheet Long Position	7.299.963	2.263.522	-	10	-	-	9.563.495
Off-Balance Sheet Short Position	16.883	30.847	(331.774)	26.227	(1.015.345)	-	(1.273.162)
Total Position	(244.594.974)	(71.498.786)	109.720.111	339.050.254	133.523.274	(257.909.546)	8.290.333

(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 lease receivables and factoring receivables.

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

III. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK (Continued)

2. Average Interest Rate Applied to the Monetary Financial Instruments (%) (Represents Values Belonging to the Parent Bank) (%)

	EUR	USD	JPY	TL
Current Period ⁽⁴⁾				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	8,50
Banks	4,30	-	-	14,08
Financial Assets at Fair Value Through Profit or Loss	-	5,36	-	-
Money Markets Receivables	-	-	-	15,46
Financial Assets at Fair Value Through Other Comprehensive Income	3,72	4,85	-	18,21
Loans Given ⁽²⁾	4,94	5,92	-	13,58
Financial Assets Measured at Amortized Cost	4,73	7,58	-	12,28
Liabilities				
Interbank Deposits	0,22	0,50	-	12,75
Other Deposits	0,31	1,13	-	15,01
Money Markets Borrowings	-	2,15	-	14,16
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities ⁽³⁾	5,08	5,05	-	16,99
Funds Provided from Other Financial Institutions	1,71	2,53	-	15,79

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

(2) Credit card loan balances are not included.

(3) Subordinated debt instruments are included.

(4) Foreign branches are excluded.

	EUR	USD	JPY	TL
Prior Period ⁽⁴⁾				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	8,50
Banks	4,30	-	-	17,63
Financial Assets at Fair Value Through Profit or Loss	-	5,36	-	-
Money Market Receivables	-	-	-	17,31
Financial Assets at Fair Value Through Other Comprehensive Income	3,72	4,83	-	14,70
Loans Given ⁽²⁾	4,74	5,68	6,00	13,42
Financial Assets Measured at Amortised Cost	4,76	7,47	-	14,33
Liabilities				
Interbank Deposits	0,22	0,25	-	14,14
Other Deposits	0,27	0,93	-	14,15
Money Market Borrowings	-	1,78	-	14,22
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities ⁽³⁾	5,08	5,05	-	16,99
Funds Provided from Other Financial Institutions	1,69	2,38	-	15,67

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

(2) Credit card loan balances are not included.

(3) Subordinated debt instruments are included.

(4) Foreign branches are excluded.

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

IV. EXPLANATIONS ON THE POSITION RISK OF CONSOLIDATED 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	-	-	-
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	-	-	-
Traded on Stock Exchange	-	-	-
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other ⁽¹⁾	559.915	559.915	-

⁽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.

Investments in Equity Instruments – Prior Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	-	-	-
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	-	-	-
Traded on Stock Exchange	-	-	-
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other ⁽¹⁾	379.440	379.440	-

⁽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 559.915 and all of them are 100% risk weighted (31 December 2021: are amounted TL 379.440 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	-	-	-	-	-	-
3. Other Stocks	-	112.417	112.417	-	-	-
Total	-	112.417	112.417	-	-	-

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT

(Continued)

**V. EXPLANATIONS ON THE CONSOLIDATED LIQUIDITY RISK MANAGEMENT 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 Parent 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 Parent 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 Parent 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 Parent 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 Parent 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 Parent Bank's "Regulations of Risk Management, Stress Test Program and ICAAP Regulations" of the Parent 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 Parent 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 Parent 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 Parent 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 Parent Bank

The Parent 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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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT

(Continued)

**V. EXPLANATIONS ON THE CONSOLIDATED 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 Parent Bank's source of funds is mainly formed of deposits. The Parent Bank's deposits do not fluctuate considerably in line with the broadly dispersed customer network 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 parent 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 Parent 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 Parent Bank from organized market and other banks are on the level where they meet the structural liquidity deficits on different maturity segments. The Parent 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 Parent Bank calculates the liquidity coverage ratio and transmits unconsolidated on weekly and consolidated on monthly basis to the BRSA. Within the last 3 months the consolidated lowest ratios are as follows: January FC 551,40, TL + FC 213,53; February FC 439,66, TL + FC 189,87; March was realized as FC 323,78, TL + FC 211,60 (31 December 2021: October FC 501,32, TL+FC 170,92; November FC 380,26, TL+FC 178,36; December FC 412,09, TL+FC 194,09).

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT

(Continued)

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

2. Liquidity Coverage Ratio (Continued)

	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
Current Period				
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			403.420.362	265.364.423
CASH OUTFLOWS				
Retail and Small Business Customers, of which;	710.150.873	436.605.519	63.982.954	43.658.238
Stable deposits	140.642.648	46.278	7.032.132	2.314
Less stable deposits	569.508.225	436.559.241	56.950.822	43.655.924
Unsecured wholesale funding, of which;	352.884.945	166.543.808	167.312.668	80.648.652
Operational deposit	23.625.628	4.159.354	5.878.902	1.012.333
Non-operational deposits	271.281.928	140.974.385	118.262.326	58.663.107
Other unsecured funding	57.977.389	21.410.069	43.171.440	20.973.212
Secured funding			-	-
Other cash outflows, of which;	143.119.331	23.652.197	15.673.008	11.851.902
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	4.686.345	8.132.577	4.686.345	8.132.577
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	138.432.986	15.519.620	10.986.663	3.719.325
Other revocable off-balance sheet commitments and contractual obligations	19.110.778	19.110.778	955.539	955.539
Other irrevocable or conditionally revocable off-balance sheet obligations	126.037.214	93.718.001	6.990.494	4.685.900
TOTAL CASH OUTFLOWS			254.914.663	141.800.231
CASH INFLOWS				
Secured lending	-	-	-	-
Unsecured lending	83.500.750	38.985.768	53.657.165	25.490.247
Other cash inflows	3.159.755	51.453.550	3.109.358	51.403.152
TOTAL CASH INFLOW	86.660.505	90.439.318	56.766.523	76.893.399
			Upper Limit Applied Amounts	
TOTAL HQLA STOCK			403.420.362	265.364.423
TOTAL NET CASH OUTFLOWS			198.148.140	64.906.833
LIQUIDITY COVERAGE RATIO (%)			203,60	408,84

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

	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
Prior Period				
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			322.965.247	218.841.464
CASH OUTFLOWS				
Retail and Small Business Customers, of which;	623.380.047	365.198.371	55.387.908	36.516.645
Stable deposits	139.001.924	63.842	6.950.096	3.192
Less stable deposits	484.378.123	365.134.529	48.437.812	36.513.453
Unsecured wholesale funding , of which;	307.755.422	144.545.013	143.765.782	68.741.940
Operational deposit	23.234.553	3.413.121	5.790.583	834.806
Non-operational deposits	228.893.514	126.380.404	101.843.105	53.562.568
Other unsecured funding	55.627.355	14.751.488	36.132.094	14.344.566
Secured funding			-	-
Other cash outflows, of which;	125.446.996	23.639.081	13.735.813	13.511.035
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	3.918.175	9.958.096	3.918.175	9.958.096
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	121.528.821	13.680.985	9.817.638	3.552.939
Other revocable off-balance sheet commitments and contractual obligations	15.827.184	15.827.184	791.359	791.359
Other irrevocable or conditionally revocable off-balance sheet obligations	100.068.408	71.449.597	5.525.433	3.572.480
TOTAL CASH OUTFLOWS			219.206.295	123.133.459
CASH INFLOWS				
Secured lending	-	-	-	-
Unsecured lending	61.962.519	30.516.139	37.983.787	20.076.485
Other cash inflows	4.457.071	50.092.952	4.440.532	50.076.413
TOTAL CASH INFLOW	66.419.590	80.609.091	42.424.319	70.152.898
			Upper Limit Applied Amounts	
TOTAL HQLA STOCK			322.965.247	218.841.464
TOTAL NET CASH OUTFLOWS			176.781.976	52.980.561
LIQUIDITY COVERAGE RATIO (%)			182,69	413,06

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

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V. EXPLANATIONS ON THE CONSOLIDATED 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

Parent 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 Group 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 Parent 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 Parent 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 parent 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 Parent 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 CONSOLIDATED 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 Turkey	57.911.226	131.080.448	-	-	-	-	-	188.991.674
Banks ⁽⁵⁾	14.810.747	4.777.564	288.510	56.656	373.417	4.591	-	20.311.485
Financial Assets at Fair Value Through Profit and Loss	384.825	107.011	3.616.303	63.413	22.989.983	14.859	3.383.467	30.559.861
Money Market Receivables	-	909.475	-	-	-	-	-	909.475
Financial Assets at Fair Value Through Other Comprehensive Income	-	3.425.971	20.932.904	62.274.163	157.391.625	86.022.927	373.756	330.421.346
Loans Given	-	41.577.027	86.340.727	352.007.455	364.527.980	97.221.410	4.674.678	946.349.277
Investments Held-to-Maturity	-	341.824	86.208	475.781	33.571.544	44.057.344	-	78.532.701
Other Assets	18.913.352	1.760.798	3.808.681	668.797	373.182	689.651	27.168.626	53.383.087
Total Assets⁽²⁾	92.020.150	183.980.118	115.073.333	415.546.265	579.227.731	228.010.782	35.600.527	1.649.458.906
Liabilities								
Interbank Deposits	7.666.087	25.587.097	13.149.518	10.767.391	1.980.911	-	-	59.151.004
Other Deposits	400.077.281	410.789.634	169.424.799	137.546.744	4.923.970	4.473.114	-	1.127.235.542
Funds Provided from Other Financial Institutions	12.848	21.553.725	1.986.396	11.888.785	24.878.275	6.733.597	-	67.053.626
Money Market Borrowings	-	91.049.286	8.978.954	1.381.952	10.567.119	-	-	111.977.311
Issued Marketable Securities ⁽³⁾	-	2.838.882	11.717.875	590.777	42.419.799	-	-	57.567.333
Miscellaneous Payables	5.403.070	16.750.548	-	-	-	-	1.517.800	23.671.418
Other Liabilities ⁽³⁾	24.901.038	2.703.376	15.554.166	967.654	770.156	2.429.662	155.476.620	202.802.672
Total Liabilities	438.060.324	571.272.548	220.811.708	163.143.303	85.540.230	13.636.373	156.994.420	1.649.458.906
Liquidity Gap	(346.040.174)	(387.292.430)	(105.738.375)	252.402.962	493.687.501	214.374.409	(121.393.893)	-
Net Off-Balance Sheet Position	-	145.620	(636.500)	(396.380)	11	1.527.318	-	640.069
Financial Derivative Assets	-	154.419.007	35.124.343	19.238.364	908.023	2.542.663	-	212.232.400
Financial Derivative Liabilities	-	154.273.387	35.760.843	19.634.744	908.012	1.015.345	-	211.592.331
Non-cash Loans	103.826.978	17.227.467	45.317.027	115.119.546	52.492.542	11.997.298	-	345.980.858
Prior Period								
Total Assets	124.942.133	183.171.856	97.392.560	361.739.421	499.811.718	195.221.307	31.254.885	1.493.533.880
Total Liabilities	395.787.842	600.408.932	168.541.577	132.621.236	81.083.581	13.789.107	101.301.605	1.493.533.880
Liquidity Gap	(270.845.709)	(417.237.076)	(71.149.017)	229.118.185	418.728.137	181.432.200	(70.046.720)	-
Net Off-Balance Sheet Position	-	6.981.760	181.276	(400.762)	10	1.267.128	-	8.029.412
Financial Derivative Assets	-	148.640.930	34.588.934	23.872.474	1.558.882	2.282.473	-	210.943.693
Financial Derivative Liabilities	-	141.659.170	34.407.658	24.273.236	1.558.872	1.015.345	-	202.914.281
Non-cash Loans	84.421.912	13.045.014	36.067.565	98.489.814	51.648.354	8.632.545	-	292.305.204

(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 lease and factoring receivables.

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

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

VI. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO

1. Explanations on Issues that Cause Differences Between Leverage Ratios

The Group’s leverage calculated by force of the regulation “Regulation on Measurement and Assessment of Leverage Ratios of Banks” is 7,08% (31 December 2021: 6,41%). The increase in the leverage ratio resulted from the increase in the Tier 1 capital amount. 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)	1.561.820.967	1.383.075.977
(Assets deducted in determining Tier 1 capital)	(13.650.359)	(8.358.335)
Total on-balance sheet risks (sum of lines 1 and 2)	1.548.170.608	1.374.717.642
Derivative financial instruments and credit derivatives		
Replacement cost associated with all derivative financial instruments and credit derivatives	5.757.830	10.782.578
Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	2.823.299	2.703.788
Total risks of derivative financial instruments and credit derivatives	8.581.129	13.486.366
Securities or commodity financing transactions (SCFT)		
Risks from SCFT assets (Excluding the balance sheet)	19.190.950	18.983.986
Risks from brokerage activities related exposures	-	-
Total risks related with securities or commodity financing transactions	19.190.950	18.983.986
Other off-balance sheet transactions		
Gross notional amounts of off-balance sheet transactions	497.763.743	409.632.556
(Adjustments for conversion to credit equivalent amounts)	(16.666.790)	(14.215.523)
Total risks of off-balance sheet items	481.096.953	395.417.033
Capital and total risks		
Tier 1 capital	174.541.808	114.811.438
Total risks	2.057.039.640	1.802.605.027
Leverage ratio		
Leverage ratio %	7,08	6,41

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

2. An Extract Comparison Table of Total Risks Placed in Consolidated Financial Statements Coordinated in Accordance With TAS

	Current Period ^(*)	Prior Period ^(*)
Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards ^(**)	1.649.501.988	1.493.538.396
The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements”	43.082	4.516
The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such instruments	488.202.156	458.963.706
The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts	126.099.081	131.178.567
The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such items	16.903.115	14.215.523
Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amount of such items	(139.532.201)	(139.379.975)
Total risk amount	2.057.039.640	1.802.605.027

^(*) The amounts shown in the table are 3-month averages.

^(**) The current year balance of the Consolidated Financial Statements prepared in accordance with paragraph 6 of Article 5 of the Communiqué on Preparation of Consolidated Financial Statements of Banks has been prepared by using the temporary financial statements dated 31 March 2022 of the nonfinancial subsidiaries.

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VII. EXPLANATIONS ON CONSOLIDATED 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)	833.096.874	757.683.306	66.647.750
2	Standardised approach	833.096.874	757.683.306	66.647.750
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	9.169.738	11.589.174	733.579
5	Standardised approach for counterparty credit risk	9.169.738	11.589.174	733.579
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	1.248.992	1.009.692	99.919
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	45.966.705	41.011.997	3.677.336
17	Standardised approach	45.966.705	41.011.997	3.677.336
18	Internal model approaches	-	-	-
19	Operational risk	61.756.259	51.284.583	4.940.501
20	Basic Indicator approach	61.756.259	51.284.583	4.940.501
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)	951.238.568	862.578.752	76.099.085

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT

(Continued)

VIII. EXPLANATIONS ON CONSOLIDATED HEDGE PROCEDURES

Along with the financial risk hedge accounting, the Parent Bank applies net investment hedging in order to hedge its investments abroad, which are included in the consolidated financial statements. The effective part of the fair value change of the hedging instrument in the net investment hedging transaction has been accounted for in the "Other Accumulated Comprehensive Income or Expenses to be Reclassified to Profit or Loss" under equity.

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 carried out 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 change in the value of 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.

The Parent Bank implements a net investment hedging strategy in order to avoid the exchange rate risk arising from the net investment value of its subsidiary Ziraat Bank International AG, Ziraat Bank BH dd and Ziraat Bank Montenegro AD. The deposit in Euro supplied by the Parent Bank from the customers has been defined as a "hedging instrument".

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	(2.580.979)	2.580.979	-

IX. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS

Organizational and internal reporting structure of the Group is determined in line with TFRS 8 "Operating Segments".

The Group 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 Parent Bank renders services, such as; deposits, consumer loans, loans originated from public funds whose risk does not belong to the Parent 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 Parent Bank has the technical infrastructures required by modern banking to meet its clients' needs.

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

IX. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS (Continued)

In the context of corporate and commercial banking, the Group 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 Parent Bank is the main financial institution that meets the financing needs of agricultural sector in Turkey, it extends agricultural working capital and investment loans from its own sources for crop and animal production, fishery products and agricultural mechanization directly to producers and The Central Union of Turkish Agricultural Loan 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 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 Parent 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 Parent 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 another portfolio management companies. It also provides custody service for these financial instruments and besides, long term financing from banks and international financial institutions, issuing bonds in local and international markets, managing relationship with correspondent banks and relations with international investors so as to diversify its funding base are among the responsibilities of the department.

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

As of 31 March 2022, explanations on segment reporting as shown on the following page are in line with Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

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

IX. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS (Continued)

1. Table for Segment Reporting

Current Period	Retail Banking	Corporate/ Commercial banking	Specialized Banking	Treasury/ Investment Banking	Other	Total
OPERATING INCOME/EXPENSE						
Interest Income	5.816.935	13.570.361	4.496.726	15.528.002	232.747	39.644.771
Interest Expenses	8.036.264	4.965.181	-	6.023.493	577.922	19.602.860
Net Interest Income/Expense	(2.219.329)	8.605.180	4.496.726	9.504.509	(345.175)	20.041.911
Net Fees and Commission Income/Expense	1.477.043	1.264.135	79.858	(678.456)	361.794	2.504.374
Dividend Income	-	-	-	1.001	-	1.001
Trading Profit / Loss (Net)	-	-	-	202.939	73.759	276.698
Other Operating Income	14.258	753.652	22.338	2.008	1.435.112	2.227.368
Provision for Expected Loss (-)	800.009	3.162.361	571.698	367.439	2.248.806	7.150.313
Other Expenses	1.206.866	186.540	47.155	-	4.422.706	5.863.267
Net Operating Profit / Loss	(2.734.903)	7.274.066	3.980.069	8.664.562	(5.146.022)	12.037.772
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	33.764	33.764
Tax Provision	-	-	-	-	(4.371.462)	(4.371.462)
Net Profit / Loss	(2.734.903)	7.274.066	3.980.069	8.664.562	(9.483.720)	7.700.074
SEGMENT ASSETS						
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	30.559.861	-	30.559.861
Banks and Receivables from Money Markets	-	-	-	21.220.960	-	21.220.960
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	330.419.829	1.517	330.421.346
Loans	179.411.450	615.140.517	127.366.542	23.092.405	1.338.363	946.349.277
Financial Assets Measured at Amortized Cost (Net)	-	-	-	78.532.701	-	78.532.701
Derivative Financial Assets	-	-	-	6.734.331	-	6.734.331
Associates, Subsidiaries and Entities under Common Control	-	-	-	24.796.952	(22.955.836)	1.841.116
Other Assets	7.628	4.376.792	105.709	162.968.074	66.341.111	233.799.314
Total Segment Assets	179.419.078	619.517.309	127.472.251	678.325.113	44.725.155	1.649.458.906
SEGMENT LIABILITIES						
Deposits	785.713.329	272.004.051	-	54.943.098	73.726.068	1.186.386.546
Derivative Financial Liabilities Held for Trading	-	-	-	5.495.827	-	5.495.827
Funds Borrowed	-	-	-	67.053.626	-	67.053.626
Money Markets Borrowing	12.760	69.180.699	-	42.783.852	-	111.977.311
Securities Issued (Net)	-	-	-	33.930.231	-	33.930.231
Provisions	5.049	3.692.884	-	1.335	8.670.860	12.370.128
Other Liabilities	-	-	-	-	78.592.420	78.592.420
Shareholders' Equity	-	-	-	-	153.652.817	153.652.817
Total Segment Liabilities	785.731.138	344.877.634	-	204.207.969	314.642.165	1.649.458.906

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

IX. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS (Continued)

1. Table for Segment Reporting (Continued)

Prior Period	Retail Banking	Corporate/ Commercial banking	Specialized Banking	Treasury/ Investment Banking	Other	Total
OPERATING INCOME/EXPENSE						
Interest Income	4.883.004	7.635.254	2.537.815	6.549.092	237.003	21.842.168
Interest Expenses	5.493.638	3.418.565	-	5.889.292	166.080	14.967.575
Net Interest Income/Expense	(610.634)	4.216.689	2.537.815	659.800	70.923	6.874.593
Net Fees and Commission Income/Expense	694.289	681.528	44.940	(373.987)	229.020	1.275.790
Dividend Income	-	-	-	5.348	-	5.348
Trading Profit / Loss (Net)	-	-	-	(2.464.084)	7.200	(2.456.884)
Other Operating Income	6.950	93.596	12.883	37.932	1.347.492	1.498.853
Provision for Expected Loss (-)	435.990	1.164.260	225.738	70.061	77.661	1.973.710
Other Expenses	879.609	37.931	25.432	23.029	2.589.423	3.555.424
Net Operating Profit / Loss	(1.224.994)	3.789.622	2.344.468	(2.228.081)	(1.012.449)	1.668.566
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	13.451	13.451
Tax Provision	-	-	-	-	(341.587)	(341.587)
Net Profit / Loss	(1.224.994)	3.789.622	2.344.468	(2.228.081)	(1.340.585)	1.340.430
SEGMENT ASSETS						
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	28.551.122	-	28.551.122
Banks and Receivables from Money Markets	-	-	-	18.772.877	-	18.772.877
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	279.776.537	1.517	279.778.054
Loans	172.972.249	535.676.379	116.362.035	16.501.260	-	841.511.923
Financial Assets Measured at Amortized Cost (Net)	-	-	-	46.328.891	-	46.328.891
Derivative Financial Assets	-	-	-	12.067.535	-	12.067.535
Associates, Subsidiaries and Entities under Common Control	-	-	-	21.974.194	(20.234.095)	1.740.099
Other Assets	7.334	6.743.213	121.636	200.444.598	57.466.598	264.783.379
Total Segment Assets	172.979.583	542.419.592	116.483.671	624.417.014	37.234.020	1.493.533.880
SEGMENT LIABILITIES						
Deposits	750.686.340	178.215.323	-	56.488.596	66.470.442	1.051.860.701
Derivative Financial Liabilities Held for Trading	-	-	-	3.702.077	-	3.702.077
Funds Borrowed	-	-	-	60.940.831	-	60.940.831
Money Markets Borrowing	13.812	120.192.120	-	60.277.809	-	180.483.741
Securities Issued (Net)	-	-	-	30.309.580	-	30.309.580
Provisions	2.792	3.295.851	-	-	6.492.365	9.791.008
Other Liabilities	-	-	-	-	55.302.823	55.302.823
Shareholders' Equity	-	-	-	-	101.143.119	101.143.119
Total Segment Liabilities	750.702.944	301.703.294	-	211.718.893	229.408.749	1.493.533.880

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	2.010.304	8.847.376	2.688.076	8.674.065
Central Bank of the Republic of Turkey	8.539.888	167.956.834	23.698.821	191.052.534
Other	2	1.645.643	24	1.435.839
Total	10.550.194	178.449.853	26.386.921	201.162.438

Explanation on reserve requirements

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

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

Required reserve rates vary according to the maturity structure of the liabilities and are applied between 3%-8% for TL deposits and other liabilities, 5%-26% for FX deposits and for other FC liabilities. Within the scope of the “Communiqué No. 2021/14 on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts”, the conversion rate from foreign currency deposit accounts in USD, EUR and GBP and participation fund accounts in foreign currency to time deposits and participation funds in TL as of the obligation date of 15 April 2022 It has been decided not to apply an annual commission of 1.5% to the banks that have reached the 10% level and the 20% level end of 2022. As of 2 September 2022, the rate of commission to be collected from banks whose conversion rate cannot reach 10% separately for real and legal persons, will be 3%.

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)

1. Information related to cash equivalents and the account of the Central Bank of the Republic of Turkey (Continued)

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	7.962.287	37.431.393	23.091.176	43.412.219
Unrestricted Time Deposit	-	-	-	18.403.250
Restricted Time Deposit	-	548	-	682
Other ⁽¹⁾	577.601	130.524.893	607.645	129.236.383
Total	8.539.888	167.956.834	23.698.821	191.052.534

⁽¹⁾ Includes required reserves and CBRT restricted electronic money funds amounting to TL 20.217. Required reserve of branches abroad amounting to TL 475.612 is presented in this line. TL 4.375.869 of the current period’s FC required reserve is the part of the required reserves that are held in FC (31 December 2021: Includes required reserves and CBRT restricted electronic money funds amounting to TL 16.046. Required reserve of branches abroad amounting to TL 399.329 is presented in this line. TL 4.103.676 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	1.806.954	1.894.329
Assets Blocked/Given as Collateral	24.816.378	23.897.387
Total	26.623.332	25.791.716

3. Positive Differences Statement Regarding Trading Derivative Financial Asset

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	859.696	16.393	818.332	8.596
Swap Transactions	3.162.659	2.564.981	9.632.350	1.535.695
Futures Transactions	-	-	-	-
Options	-	130.602	-	72.562
Other	-	-	-	-
Total	4.022.355	2.711.976	10.450.682	1.616.853

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	2.513.697	458.580	4.302	414.080
Foreign Banks (*)	723.184	16.629.710	761.144	16.356.115
Foreign Head Office and Branches	-	-	-	-
Total	3.236.881	17.088.290	765.446	16.770.195

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED 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	113.349.531	173.441.580
Assets Blocked/Given as Collateral	55.625.161	53.977.913
Total	168.974.692	227.419.493

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

	Current Period	Prior Period
Debt Securities	348.476.497	293.409.533
Quoted in Stock Exchange	347.772.507	292.769.022
Not Quoted in Stock Exchange	703.990	640.511
Share Certificates	434.587	420.414
Quoted in Stock Exchange	2.746	2.740
Not Quoted in Stock Exchange	431.841	417.674
Provision for Impairment (-)	18.489.738	14.051.893
Total	330.421.346	279.778.054

7. Information Related to Loans

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
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)}	962.584	-	764.199	-
Total	962.584	-	764.199	-

(1) Interest rediscount and interest accrual amounting TL 8.322, are not included (31 December 2021: Interest rediscount and interest accrual amounting TL 6.342 are not included).

(2) Since the balance of overdraft accounts related to employees amounting TL 16.060, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above (31 December 2021: Since the balance of overdraft accounts related to employees amounting TL 33.441, 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 CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)

7. Information Related to Loans (Continued)

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

Current Period	Loans Under Close Monitoring			
	Standard Loans	Not Under the Scope of Restructuring	Loans under restructuring	
Loans with revised contract terms			Refinancing	
Cash Loans				
Non-Specialized Loans	736.649.514	17.124.518	1.455.468	52.457.787
Commercial Loans	491.954.609	11.322.928	1.220.685	52.326.510
Export Loans	23.220.147	194.017	18.428	-
Import Loans	1.081.586	31.110	-	-
Loans Given to Financial Sector	9.598.993	-	-	-
Consumer Loans	153.827.098	3.511.339	215.057	126.066
Credit Cards	37.118.851	1.443.302	-	1.342
Other	19.848.230	621.822	1.298	3.869
Specialized Lending ⁽¹⁾	115.716.521	2.388.666	42.166	1.244.165
Other Receivables	-	-	-	-
Interest Income Accruals	17.535.250	647.655	35.440	5.992.420
Total	869.901.285	20.160.839	1.533.074	59.694.372

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

Prior Period	Loans Under Close Monitoring			
	Standard Loans	Not Under the Scope of Restructuring	Loans under restructuring	
Loans with revised contract terms			Refinancing	
Cash Loans				
Non-Specialized Loans	641.613.947	24.918.925	1.355.461	47.648.327
Commercial Loans	422.801.254	15.437.647	1.135.800	47.492.680
Export Loans	15.001.635	214.053	-	-
Import Loans	1.135.986	41.924	-	-
Loans Given to Financial Sector	6.334.659	-	-	-
Consumer Loans	146.945.300	5.359.270	218.295	150.676
Credit Cards	31.481.786	2.372.525	-	1.174
Other	17.913.327	1.493.506	1.366	3.797
Specialized Lending ⁽¹⁾	104.062.560	3.789.550	38.766	1.269.130
Other Receivables	-	-	-	-
Interest Income Accruals	14.280.794	888.668	50.298	4.729.304
Total	759.957.301	29.597.143	1.444.525	53.646.761

⁽¹⁾ Funds originated agricultural loans 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	3.538.720	-	2.660.108	-
Significant Increase in Credit Risk	-	17.116.512	-	14.991.813

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)

7. Information Related to Loans (Continued)

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

Current Period	Short Term	Medium and Long Term	Total
Consumer Loans-TL	1.402.083	150.789.229	152.191.312
Mortgage Loans	18.565	96.502.674	96.521.239
Automotive Loans	17.761	1.331.578	1.349.339
Consumer Loans	1.365.757	52.954.977	54.320.734
Other	-	-	-
Consumer Loans- Indexed to FC	7.989	503.698	511.687
Mortgage Loans	268	102.527	102.795
Automotive Loans	-	3.232	3.232
Consumer Loans	1.194	39.195	40.389
Other	6.527	358.744	365.271
Consumer Loans-FC	3.671	1.767.927	1.771.598
Mortgage Loans	-	380.487	380.487
Automotive Loans	31	16.539	16.570
Consumer Loans	1.849	211.015	212.864
Other	1.791	1.159.886	1.161.677
Retail Credit Cards- TL	18.589.633	246.369	18.836.002
With Installment	5.034.063	219.801	5.253.864
Without Installment	13.555.570	26.568	13.582.138
Retail Credit Cards-FC	96.623	1.502	98.125
With Installment	95.156	-	95.156
Without Installment	1.467	1.502	2.969
Personnel Loans- TL	29.233	636.544	665.777
Mortgage Loans	-	6.900	6.900
Automotive Loans	-	250	250
Consumer Loans	29.084	619.426	648.510
Other	149	9.968	10.117
Personnel Loans-Indexed to FC	307	45.009	45.316
Mortgage Loans	-	14.235	14.235
Automotive Loans	-	-	-
Consumer Loans	307	-	307
Other	-	30.774	30.774
Personnel Loans-FC	2.829	14.924	17.753
Mortgage Loans	-	10.513	10.513
Automotive Loans	-	551	551
Consumer Loans	1.378	1.466	2.844
Other	1.451	2.394	3.845
Personnel Credit Cards- TL	223.790	7.524	231.314
With Installment	72.249	6.796	79.045
Without Installment	151.541	728	152.269
Personnel Credit Cards-FC	2.424	-	2.424
With Installment	-	-	-
Without Installment	2.424	-	2.424
Overdraft Accounts- TL (Real Person)	2.476.053	-	2.476.053
Overdraft Accounts-FC (Real Person)	64	-	64
Total ⁽¹⁾	22.834.699	154.012.726	176.847.425

⁽¹⁾ TL 1.386.590 amounting of interest income rediscount and accrual is not included.

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)

7. Information Related to Loans (Continued)

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

Prior Period	Short Term	Medium and Long Term	Total
Consumer Loans- TL	1.173.135	146.481.934	147.655.069
Mortgage Loans	14.062	90.688.507	90.702.569
Automotive Loans	9.358	809.089	818.447
Consumer Loans	1.149.715	54.984.338	56.134.053
Other	-	-	-
Consumer Loans- Indexed to FC	977	422.317	423.294
Mortgage Loans	-	69.982	69.982
Automotive Loans	-	3.167	3.167
Consumer Loans	-	21.511	21.511
Other	977	327.657	328.634
Consumer Loans-FC	13.036	1.668.736	1.681.772
Mortgage Loans	270	368.305	368.575
Automotive Loans	40	16.974	17.014
Consumer Loans	8.224	224.825	233.049
Other	4.502	1.058.632	1.063.134
Retail Credit Cards- TL	17.057.839	219.892	17.277.731
With Installment	4.848.028	196.462	5.044.490
Without Installment	12.209.811	23.430	12.233.241
Retail Credit Cards-FC	87.809	1.479	89.288
With Installment	86.371	-	86.371
Without Installment	1.438	1.479	2.917
Personnel Loans- TL	20.983	435.875	456.858
Mortgage Loans	-	2.772	2.772
Automotive Loans	-	128	128
Consumer Loans	20.983	432.975	453.958
Other	-	-	-
Personnel Loans-Indexed to FC	-	14.275	14.275
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	14.275	14.275
Personnel Loans-FC	2.658	52.375	55.033
Mortgage Loans	-	8.261	8.261
Automotive Loans	-	400	400
Consumer Loans	2.492	1.955	4.447
Other	166	41.759	41.925
Personnel Credit Cards- TL	228.633	7.223	235.856
With Installment	61.491	6.538	68.029
Without Installment	167.142	685	167.827
Personnel Credit Cards-FC	2.177	-	2.177
With Installment	2.137	-	2.137
Without Installment	40	-	40
Overdraft Accounts- TL (Real Person)	2.387.151	-	2.387.151
Overdraft Accounts-FC (Real Person)	89	-	89
Total ⁽¹⁾	20.974.487	149.304.106	170.278.593

⁽¹⁾ TL 1.309.768 of interest income rediscount and accrual is not included.

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)

7. Information 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	4.008.856	86.694.836	90.703.692
Mortgage Loans	9.106	1.893.980	1.903.086
Automotive Loans	320.397	4.033.982	4.354.379
Consumer Loans	3.679.353	80.766.874	84.446.227
Other	-	-	-
Installment Based Commercial Loans- Indexed to FC	1.425.209	667.785	2.092.994
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	4.044	-	4.044
Other	1.421.165	667.785	2.088.950
Installment Based Commercial Loans - FC	1.511.268	82.514.664	84.025.932
Mortgage Loans	176.696	336.109	512.805
Automotive Loans	653	60.541	61.194
Consumer Loans	1.076.039	80.321.178	81.397.217
Other	257.880	1.796.836	2.054.716
Corporate Credit Cards- TL	18.997.452	341.214	19.338.666
With Installment	8.443.618	341.204	8.784.822
Without Installment	10.553.834	10	10.553.844
Corporate Credit Cards-FC	56.964	-	56.964
With Installment	55.019	-	55.019
Without Installment	1.945	-	1.945
Overdraft Account- TL (Legal Entity)	1.733.391	-	1.733.391
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	27.733.140	170.218.499	197.951.639

⁽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	3.763.212	90.134.805	93.898.017
Mortgage Loans	7.154	1.696.440	1.703.594
Automotive Loans	251.321	3.415.447	3.666.768
Consumer Loans	3.504.737	85.022.918	88.527.655
Other	-	-	-
Installment Based Commercial Loans- Indexed to FC	1.050.065	657.659	1.707.724
Mortgage Loans	-	-	-
Automotive Loans	-	20	20
Consumer Loans	25.436	598.659	624.095
Other	1.024.629	58.980	1.083.609
Installment Based Commercial Loans - FC	2.182.877	73.871.304	76.054.181
Mortgage Loans	178.060	475.530	653.590
Automotive Loan	91	54.056	54.147
Consumer Loans	1.661.146	72.292.426	73.953.572
Other	343.580	1.049.292	1.392.872
Corporate Credit Cards- TL	15.944.209	247.639	16.191.848
With Installment	7.042.609	247.539	7.290.148
Without Installmen	8.901.600	100	8.901.700
Corporate Credit Cards-FC	58.585	-	58.585
With Installment	56.752	-	56.752
Without Installment	1.833	-	1.833
Overdraft Account- TL (Legal Entity)	1.463.188	-	1.463.188
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	24.462.136	164.911.407	189.373.543

⁽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 CONSOLIDATED ASSETS (Continued)

7. Information Related to Loans (Continued)

7.5. Distribution of Domestic and Foreign Loans

	Current Period	Prior Period
Domestic Loans	902.935.477	802.846.934
Foreign Loans	24.143.328	21.849.732
Interest Income Accruals of Loans	24.210.765	19.949.064
Total	951.289.570	844.645.730

7.6. Loans Granted to Investments in Associates and Subsidiaries

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	1.597.080	1.522.167
Indirect loans granted to subsidiaries and associates	-	-
Total	1.597.080	1.522.167

7.7. Credit-Impaired Losses (Stage III / Specific Provision)

	Current Period	Prior Period
Loans and other receivables with limited collectability	1.773.731	1.651.518
Loans and other receivables with doubtful collectability	1.165.059	1.127.454
Uncollectible loans and other receivables	12.632.301	12.493.924
Total	15.571.091	15.272.896

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 and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Current Period			
Gross amounts before the provisions	297.902	429.539	1.602.053
Restructured loans	297.902	429.539	1.602.053
Prior Period			
Gross amounts before the provisions	609.360	289.568	1.650.130
Restructured loans	609.360	289.568	1.650.130

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)

7. Information 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 and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior Period Ending Balance	3.628.643	2.206.727	14.370.830
Additions (+)	1.546.007	139.490	191.556
Transfers from Other Categories of Loans under Follow-Up (+)	-	1.164.821	1.109.493
Transfers to Other Categories of Loans under Follow-Up (-)	1.164.821	1.109.493	-
Collections (-) ⁽¹⁾	372.522	261.099	943.183
Write-offs (-) ⁽²⁾	-	-	241.664
Sold (-) ⁽³⁾	-	-	19.016
Corporate and Commercial Loans	-	-	19.016
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period End Balance	3.637.307	2.140.446	14.468.016
Provision (-)	1.773.731	1.165.059	12.632.301
Net Balance on Balance Sheet	1.863.576	975.387	1.835.715

⁽¹⁾ Includes transfers to first and second group loans amounting to TL 303.779

⁽²⁾ As of 31 March 2022, there is a write-offs loan amounting to TL 241.664 (31 December 2021: None). When the calculation is made by taking into account the loans write-offs, the effect of the Group on the NPL and NPL ratio is 2 basis points.

⁽³⁾ The amount that has been transferred and removed from the financial statements, while being followed in non-performing receivables accounts of Ziraat Katılım Bankası A.Ş., based on the transfer of receivables agreements.

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

	Group III	Group IV	Group V
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period:			
Period Ending Balance	2.728.455	28.717	4.380.302
Provision (-)	1.443.536	18.919	4.057.400
Net Balance on Balance Sheet	1.284.919	9.798	322.902
Prior Period:			
Period Ending Balance	2.601.244	158.900	4.170.509
Provision (-)	1.286.803	135.063	3.773.742
Net Balance on Balance Sheet	1.314.441	23.837	396.767

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED 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 and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	1.863.576	975.387	1.835.715
Loans to Real Persons and Legal Entities (Gross)	3.637.307	2.140.446	14.306.728
Provisions (-)	1.773.731	1.165.059	12.471.013
Loans to Real Persons and Legal Entities (Net)	1.863.576	975.387	1.835.715
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	161.288
Provisions (-)	-	-	161.288
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	1.977.125	1.079.273	1.876.906
Loans to Real Persons and Legal Entities (Gross)	3.628.643	2.206.727	14.214.115
Provisions (-)	1.651.518	1.127.454	12.337.209
Loans to Real Persons and Legal Entities (Net)	1.977.125	1.079.273	1.876.906
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	156.715
Provisions (-)	-	-	156.715
Other Loans and Receivables (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 and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	78.284	39.957	104.350
Interest Accruals and Valuation Differences	162.906	89.653	903.489
Provisions (-)	84.622	49.696	799.139
Prior Period (Net)	99.409	53.083	105.201
Interest Accruals and Valuation Differences	179.747	215.297	824.897
Provisions (-)	80.338	162.214	719.696

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED 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	8.950.880	3.499.834	1.390.806	3.209.928
Treasury Bills	-	-	-	-
Other Government Debts	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	8.950.880	3.499.834	1.390.806	3.209.928

Financial Assets Measured at Amortized Cost given as collateral or blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	-	-	-	-
Bonds and Similar Investment Securities	759.715	28.217.695	607.105	25.626.356
Other	-	-	-	332.803
Total	759.715	28.217.695	607.105	25.959.159

8.2. Information on Government Debt Securities at Amortized Cost

	Current Period	Prior Period
Government Bonds	77.772.168	45.620.065
Treasury Bills	97.593	87.599
Other Public Sector Debt Securities	315.264	290.413
Total	78.185.025	45.998.077

8.3. Information on Financial Assets Measured at Amortized Cost

	Current Period	Prior Period
Debt securities	78.551.371	46.339.321
Quoted at Stock Exchange	75.719.831	44.293.342
Unquoted at Stock Exchange	2.831.540	2.045.979
Provision for Impairment (-)	548	296
Total	78.550.823	46.339.025

8.4. The Movements of Financial Assets Measured at Amortized Cost

	Current Period	Prior Period
Beginning Balance	46.339.025	30.620.481
Foreign Currency Differences on Monetary Assets	3.823.588	11.313.351
Purchases During the Year ⁽¹⁾	28.758.938	7.195.320
Disposals through Sales and Redemptions	(370.180)	(2.789.831)
Provision for Impairment (-)	548	296
Period End Balance	78.550.823	46.339.025

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

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)

9. Information on Associates Accounts (Net)

9.1. Information on Unconsolidated Associates

	Description	Address (City/ Country)	The Bank’s Share Percentage, if Different, Voting Percentage (%)	The Bank’s Risk Group Share Percentage (%)
1	Platform Ortak Kartlı Sistemler A.Ş.	İstanbul/Turkey	20,00	20,00
2	Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.	İstanbul/Turkey	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	5.747	5.730	35	166	-	156	(8)	-
2	411.623	350.335	101.731	7.214	-	4.697	2.768	-

⁽¹⁾ The current period financial statement information of the subsidiary is taken from the unaudited financial statements as of March 31, 2022, and the profit/loss figure for the previous period is taken from the audited financial statements as of March 31, 2021.

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

9.2. Consolidated Subsidiaries

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

	Total Assets ⁽¹⁾	Shareholders’ Equity ⁽¹⁾	Total Non- Current Assets ⁽¹⁾	Interest Income ⁽¹⁾	Income from Marketable Securities ⁽¹⁾	Current Period Profit / Loss ⁽¹⁾	Prior Period Profit / Loss ⁽¹⁾	Fair Value
1	10.487.932	1.387.534	210.827	80.718	51.839	47.595	40.600	-

⁽¹⁾ The current period financial statement information of Arap Türk Bankası A.Ş. is taken from the unaudited financial statements as of March 31, 2022, and the profit/loss figures for the previous period are obtained from the reviewed financial statements of March 31, 2021.

9.3. Information on Financial Associates

	Current Period	Prior Period
Balance at the Beginning of the Period	205.959	177.879
Movement During the Period	8.137	28.080
Additions	-	-
Bonus Share Certificates	-	-
Shares of Current Year Profits	7.344	24.740
Transfer	-	-
Sales/Liquidation	-	-
Revaluation Increase	793	3.340
Revaluation/Impairment (-)	-	-
Balance at the End of the Period	214.096	205.959
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)

9. Information on Associates Accounts (Net) (Continued)

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

	Current Period	Prior Period
Banks	214.096	205.959
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	-	-

9.5. Subsidiaries Quoted to a Stock Exchange

None (31 December 2021: None).

10. Information on Subsidiaries (Net)

10.1. Information on Unconsolidated Subsidiaries

	Description	Address (City/ Country)	The Parent Bank’s Share Percentage-if different Voting Percentage (%)	The Parent Bank’s Group Share Percentage (%)
1	Ziraat Teknoloji A.Ş.	Istanbul / Turkey	100,00	100,00

	Total Assets	Shareholders’ Equity	Total Non- Current Assets	Interest Income	Income from Marketable Securities	Current Period Profit / Loss	Prior Period Profit / Loss	Fair Value
1	130.422	19.021	9.595	402	11	(519)	(7.460)	51.826

⁽¹⁾ There is no fair value since subsidiaries are not traded in the stock exchange.

⁽²⁾ The current period financial statement information of the subsidiary is taken from the unaudited financial statements dated as of March 31, 2022, and the profit/loss figure for the previous period is taken from the audited financial statements dated as of March 31, 2021.

10.2. Information on Consolidated Subsidiaries

	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.	Istanbul / Turkey	99,60	99,60
2	Ziraat Portföy Yönetimi A.Ş.	Istanbul / Turkey	74,90	99,80
3	Ziraat Katılım Bankası A.Ş.	Istanbul / Turkey	100,00	100,00
4	Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	Istanbul / Turkey	81,06	81,06
5	Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Istanbul / Turkey	100,00	100,00
6	Ziraat Bank International A.G.	Frankfurt / Germany	100,00	100,00
7	Ziraat Bank BH d.d.	Sarajevo / Bosnia Herzegovina	100,00	100,00
8	Ziraat Bank (Moscow) JSC	Moscow / Russia	99,91	100,00
9	Kazakhstan Ziraat Int. Bank	Almaty / Kazakhstan	99,83	99,83
10	Ziraat Bank Azerbaycan ASC	Baku / Azerbaijan	99,98	100,00
11	Ziraat Bank Montenegro AD	Podgorica / Montenegro	100,00	100,00
12	JSC Ziraat Bank Georgia	Tbilisi / Georgia	100,00	100,00
13	Ziraat Bank Uzbekistan JSC	Tashkent / Uzbekistan	100,00	100,00

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)

10. Information on Subsidiaries (Net) (Continued)

10.2. Information on Consolidated Subsidiaries (Continued)

	Total Assets	Shareholder's Equity	Total-Non Current Assets	Interest Income	Income from Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value	Share holder's equity amount needed
1	1.182.557	812.387	4.821	66.945	-	111.067	121.896	1.415.705	-
2	253.642	238.581	5.547	5.470	-	34.742	14.810	240.035	-
3	121.811.476	5.703.928	559.525	3.904.394	1.500.026	1.194.431	124.752	2.768.158	-
4	8.845.305	8.518.699	7.640.579	18.473	-	120.712	6.349	11.315.532	-
5	1.088.404	1.087.022	807	8.605	-	9.273	11.859	1.086.185	-
6	17.914.712	3.835.728	53.456	118.168	2.109	(307.899)	51.903	3.165.577	-
7	10.175.026	1.303.960	72.138	49.773	-	(7.771)	11.827	475.587	-
8	1.845.649	732.841	30.606	32.266	238	20.279	9.242	674.735	-
9	4.355.615	1.113.744	374.896	53.966	-	(204.657)	(17.272)	1.025.043	-
10	3.774.408	773.719	201.336	43.211	3.636	(34.551)	6.917	535.517	-
11	1.074.351	269.906	13.573	7.724	1.148	(1.039)	556	172.062	-
12	863.317	289.000	27.901	10.637	200	7.287	404	216.604	-
13	2.137.667	464.477	30.305	34.026	1.081	21.245	19.489	215.812	-

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

(2) Current period financial statement information, Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş. and Ziraat Katılım Bankası A.Ş. as of March 31, 2022, and the financial statements of other subsidiaries, which have not been reviewed, and profit/loss figures for the previous period are obtained from the reviewed financial statements of March 31, 2021.

(represents the values of the Parent Bank)

	Current Period	Prior Period
Balance at the Beginning of the Period	20.558.487	13.901.878
Movements During the Period	2.748.065	6.656.609
Additions to Scope of Consolidation	-	-
Purchases	371.844	767.894
Bonus Shares Obtained	-	99.967
Dividends from current year income	-	-
Sales	-	-
Revaluation Increase ⁽¹⁾	2.376.221	7.476.690
Impairment Provision (-)	-	1.687.942
Transfer (-)	-	-
Balance at the End of the Period	23.306.552	20.558.487
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 are not included.

10.3. Sectoral Information on Subsidiaries and the Related Carrying Amounts

(represents the values of the Parent Bank)

	Current Period	Prior Period
Banks	9.249.095	8.567.353
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	14.057.457	11.991.134

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(Continued)

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)

10. Information on Subsidiaries (Net) (Continued)

10.4. Subsidiaries Quoted to a Stock Exchange

(represents the values of the Parent Bank)

	Current Period	Prior Period
Quoted at domestic stock exchanges	11.315.532	9.280.885
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 Turkey Accounting Standard 27 (TAS 27)" according to TFRS 9 Financial Instruments Standard. 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⁾	Parent Bank's Share (%)	Group's Share (%)	Current Assets	Non-Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	50,00	50,00	9.857.335	43.913	16.035	102.302	42.555

⁽¹⁾ Information on entity under joint control is provided from the unaudited financial statements as of 31 March 2022.

12. Information on Lease Receivables

Information on receivables from financial leasing transactions.

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	475.278	432.153	449.965	431.939
1-5 Years	9.713.039	8.387.193	8.194.720	7.153.214
More than 5 Years	2.546.955	2.220.915	2.363.504	1.981.453
Total	12.735.272	11.040.261	11.008.189	9.566.606

13. Information on Derivative Financial Assets for Hedging Purposes

The Group does not have any derivative financial assets for hedging purposes.

14. Information on Investment Property

The Group's investment properties are TL 1.270.719 (31 December 2021: TL 1.268.500).

15. Information on Assets Held for Sale and Tangibles Corresponding Discontinuing Operations

The Group does not have any discontinued 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 use exists by the Parent Bank. Those immovables considered for sales are announced at the web site of the Parent Bank.

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I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)

**15. Information on Assets Held for Sale and Tangibles Corresponding Discontinuing Operations
(Continued)**

The total of the partnership shares acquired by the Group due to its receivables is TL 415.578 (31 December 2021: TL 181.483). To be TL 7.628 (31 December 2021: TL 7.334) due to the consumer loans of the Group, TL 4.659.562 (31 December 2021: TL 5.114.751) due to the consumer loans and TL 105.709 (31 December 2021: TL 121.636) due to the agricultural loans. The total of the Bank's immovables acquired amount to TL 4.772.899 (31 December 2021: TL 5.243.721), and the sum of the movables acquired due to his consumer loans was TL 47.352 (31 December 2021: TL 25.083). The net book value of the Group's assets held for sale acquired through fiduciary rights is TL 1.750.718 (31 December 2021: TL 1.798.324).

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	12.568.138	1.172.709	2.157.480	262.652	388.425	-	16.549.404
Accumulated Depreciation (-)	921.289	262.106	1.393.865	156.841	312.247	-	3.046.348
Impairment (-)	2.323	-	618	-	-	-	2.941
Net Book Value	11.644.526	910.603	762.997	105.811	76.178	-	13.500.115
Current Period End							
Net Book Value at the Beginning of the Period	11.644.526	910.603	762.997	105.811	76.178	-	13.500.115
Change During the Period (Net)	464.296	128.036	(2.830)	30.533	3.235	-	623.270
Cost	469.407	70.841	72.781	16.695	2.567	-	632.291
Depreciation – Net (-)	5.111	(57.195)	75.611	(13.838)	(668)	-	9.021
Impairment (-)	-	-	-	-	-	-	-
Net Currency Translation from Foreign Subsidiaries	23.798	6.974	7.231	309	3.389	-	41.701
Cost at Period End	13.061.343	1.250.524	2.237.492	279.656	394.381	-	17.223.396
Accumulated Depreciation at Period End (-)	926.400	204.911	1.469.476	143.003	311.579	-	3.055.369
Impairment (-)	2.323	-	618	-	-	-	2.941
Closing Net Book Value	12.132.620	1.045.613	767.398	136.653	82.802	-	14.165.086

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	8.373	8.729
Banks and Receivables from Money Markets	13.740	12.532
Financial Assets Measured at Amortized Cost	18.122	10.134
Other assets	82.086	60.574
Total	122.321	91.969

20. Information on Other Assets

As of 31 March 2022, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

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II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED 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	78.935.060	-	12.243.071	149.797.421	21.451.554	4.874.778	12.510.081	172.930	279.984.895
Foreign Currency Deposits	200.275.626	-	56.148.620	141.776.679	31.749.290	18.609.517	59.400.956	13.167	507.973.855
Residents in Turkey	158.645.937	-	54.127.565	119.115.819	22.195.834	8.530.821	25.153.702	11.381	387.781.059
Residents Abroad	41.629.689	-	2.021.055	22.660.860	9.553.456	10.078.696	34.247.254	1.786	120.192.796
Public Sector Deposits	19.622.599	-	29.620.600	11.902.169	1.408.103	420.977	459.015	-	63.433.463
Commercial Deposits	32.938.646	-	32.315.633	46.998.735	26.130.261	25.100.472	4.359.506	-	167.843.253
Other Institutions Deposits	4.838.149	-	5.359.100	15.825.893	1.228.177	1.139.690	493.063	-	28.884.072
Precious Metals Deposit	63.467.201	-	1.456.481	12.038.602	1.143.780	483.155	526.785	-	79.116.004
Interbank Deposits	7.666.087	-	25.053.091	6.206.761	181.704	10.688.802	9.354.559	-	59.151.004
The CBRT	772.582	-	-	-	-	-	-	-	772.582
Domestic Banks	786.831	-	24.821.029	781.151	-	26.760	5.082.523	-	31.498.294
Foreign Banks	6.002.561	-	232.062	5.425.610	181.704	10.662.042	4.272.036	-	26.776.015
Participation Banks	104.113	-	-	-	-	-	-	-	104.113
Other	-	-	-	-	-	-	-	-	-
Total	407.743.368	-	162.196.596	384.546.260	83.292.869	61.317.391	87.103.965	186.097	1.186.386.546

(*) As of 31 December 2021, the balance of savings deposits includes TL 51.119.296 Treasury Currency Protected Deposits and TL 75.655.627 CBRT Currency Protected 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	70.203.865	-	13.030.976	112.837.748	24.125.159	2.977.746	7.890.123	181.935	231.247.552
Foreign Currency Deposits	190.377.004	-	49.794.596	170.108.911	26.535.508	18.382.592	68.957.900	15.469	524.171.980
Residents in Turkey	157.004.194	-	48.397.670	148.443.080	17.906.947	8.254.009	32.105.695	13.806	412.125.401
Residents Abroad	33.372.810	-	1.396.926	21.665.831	8.628.561	10.128.583	36.852.205	1.663	112.046.579
Public Sector Deposits	14.149.540	-	9.547.190	8.721.258	912.677	501.108	12.929	-	33.844.702
Commercial Deposits	29.300.264	-	33.098.860	32.960.078	1.363.882	2.729.921	4.532.757	-	103.985.762
Other Institutions Deposits	3.818.724	-	8.104.480	12.507.489	1.509.098	770.022	536.828	-	27.246.641
Precious Metals Deposit	56.314.128	-	1.279.645	11.840.063	781.965	508.828	496.696	-	71.221.325
Interbank Deposits	6.995.086	-	28.867.166	6.149.726	92.113	9.753.095	8.285.553	-	60.142.739
The CBRT	364.127	-	-	-	-	-	-	-	364.127
Domestic Banks	343.628	-	28.744.473	833.275	-	971	2.663.800	-	32.586.147
Foreign Banks	6.195.958	-	122.693	5.316.451	92.113	9.752.124	5.621.753	-	27.101.092
Participation Banks	91.373	-	-	-	-	-	-	-	91.373
Other	-	-	-	-	-	-	-	-	-
Total	371.158.611	-	143.722.913	355.125.273	55.320.402	35.623.312	90.712.786	197.404	1.051.860.701

(*) As of 31 December 2021, the balance of savings deposits includes TL 13.970.133 Treasury Currency Protected Deposits and TL 2.804.414 CBRT Currency Protected Deposits.

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⁾	170.244.416	140.238.589	108.309.763	89.913.174
Foreign Currency Saving Deposits ⁽¹⁾	147.558.610	123.294.124	275.800.229	275.115.788
Other Deposits in the form of Saving Deposits	-	-	-	-
Foreign Branches' Deposits under the Guarantees of Foreign Authority Insurance ⁽²⁾	3.672.386	3.353.517	1.435.402	1.629.055
Off-Shore Banking Regions' 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 1.469.866 and TL 38.996 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2021: TL 1.208.852 and TL 34.311).

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II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED 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 (Continued)

Based on the Council of Minister’s decree dated 29 December 2003 and numbered 2003/6668, TL 465 (31 December 2021: TL 479) of demand deposits is not included in the above calculation, since the Parent Bank paid the saving deposits amount attributable to T. İmar Bank T.A.Ş.

Savings Deposit Insurance Fund premiums are calculated based on deposit amount attributable to real persons in domestic branches of the banks. As total of capital amount and interest expense accruals of saving deposits up to TL 150 attributable to a real person is covered by the insurance, TL 3.532.932 (31 December 2021: TL 2.114.087) of interest expense accrual is included in the above-mentioned figures in accordance with the Communiqué on Insurance Deposits and Participation Funds and Premiums Collected by the Savings Deposit Insurance Fund published in the Official Gazette dated 15 February 2013 and numbered 28560.

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

The Parent Bank’s head office is located in Turkey.

1.4. Saving Deposits of Real Persons which are not under the Guarantee of Saving Deposit Insurance Fund

	Current Period	Prior Period
Deposits and other Accounts in Branches Abroad	171.972	12.236
Deposits of Ultimate Shareholders and Their Close Family Members	-	-
Deposits of Chairman and Members of the Board of Directors, CEO, Executive Vice Presidents and Their Close Family Members	35.049	30.687
Deposits Obtained through Illegal Acts Defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated 26 September 2004	-	-
Saving Deposits in Banks Established in Turkey Exclusively for Off-Shore Banking Activities	-	-

2. Negative Differences Statement Regarding Trading Derivative Financial Assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	696.834	29.836	798.079	6.271
Swap Transactions	702.352	3.924.018	475.473	2.350.376
Futures Transactions	12.820	-	-	-
Options	-	129.967	-	71.878
Other	-	-	-	-
Total	1.412.006	4.083.821	1.273.552	2.428.525

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II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)

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	-	-	-	-
From Domestic Banks and Institutions	444.764	12.002.400	490.338	10.174.565
From Foreign Banks, Institutions and Funds	10.554	54.595.908	10.568	50.265.360
Total	455.318	66.598.308	500.906	60.439.925

3.2. Information on Maturity Structure of Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	411.768	4.419.654	488.941	4.160.282
Medium and Long-Term	43.550	62.178.654	11.965	56.279.643
Total	455.318	66.598.308	500.906	60.439.925

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

71,93% of the Group’s total liabilities and shareholders’ equity consist of deposits. Deposits have a diversified base and have steady structures. The Group’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	73.729.169	-	143.430.704	-
Financial Institutions and Organizations	73.620.535	-	143.258.075	-
Other Institutions and Organizations	95.876	-	158.819	-
Real Person	12.758	-	13.810	-
From Overseas Operations	-	38.248.142	-	37.053.037
Financial Institutions and Organizations	-	38.248.142	-	37.053.037
Other Institutions and Organizations	-	-	-	-
Real Person	-	-	-	-
Total	73.729.169	38.248.142	143.430.704	37.053.037

5. Information on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bills	-	726.000	-	97.988
Asset-Backed Securities	4.015.410	-	4.156.876	-
Treasury Bonds	957.739	28.231.082	1.000.982	25.053.734
Total	4.973.149	28.957.082	5.157.858	25.151.722

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II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)

6. If Other Foreign Liabilities Exceed 10% of the Balance Sheet Total, Name and Amount of Sub-Accounts Constituting at Least 20% of These Liabilities

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

7. Information on Lease Liabilities

Information on lease liabilities represented in the table below.

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	127.480	77.622	88.525	49.499
Between 1-4 Years	533.669	455.282	487.584	415.605
More than 4 Years	1.334.834	703.450	1.088.930	597.423
Total	1.995.983	1.236.354	1.665.039	1.062.527

8. Information on the Hedging Derivative Financial Liabilities

There are no hedging derivative financial liabilities of Group.

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 2021: None).

9.2. Liabilities on Employee Benefits Provision

9.2.1. Termination benefit and Unused Vacation Rights

The Group, accounts for its vacation and retirement pay obligations in accordance with the TAS 19 “Employee Benefits”. The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 31 March 2022, unpaid vacation liability amounted to TL 565.018 and employment termination amounted to TL 1.547.352 are presented under the “Employee Benefits Provision” in the financial statements (31 December 2021 unpaid vacation liability amounted to TL 384.562, and employment termination amounted to TL 1.393.410 are presented under the “Employee Benefits Provision” in the financial statements).

9.3 Information on Other Provision

Except for the requirements of the BRSA Accounting and Financial Reporting Legislation, the Group management has free provisions amounting to TL 5.429.000, of which TL 3.730.000 has been reserved in previous periods and TL1.699.000 has been set aside in the current year. In addition, there is a provision amounting to TL 68.300 and other provisions amounting to TL 157 for the money groups made by civil servants. Expected loss provisions for non-cash loans are TL 3.801.405 (31 December 2021: Except for the requirements of the BRSA Accounting and Financial Reporting Legislation, the Bank's management has free provisions amounting to TL 3.730.000 thousand, of which TL 3.505.000 thousand has been reserved in previous periods and TL 250.000 thousand has been set aside in the current year. In addition, there is a provision amounting to TL 68.300 and other provisions amounting to TL 157 for the money groups made by civil servants. Expected loss provisions for non-cash loans are TL 3.401.185).

Regarding the lawsuit files of the Group, a provision of TL 150.515 (December 31, 2021: TL 147.924) has been provided in the financial statements for the lawsuits filed against the Group, which are likely to result but are not yet finalized against the Group.

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II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)

10. Explanations on Tax Liability

10.1. Explanations on Current Tax Liability

10.1.1. Information on Taxes Payable

As of 31 March 2022, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 13.193.626 (As of 31 December 2021, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 397.162).

10.1.2. Information on Current Taxes Payable

	Current Period	Prior Period
Corporate Tax Payable	13.193.626	397.162
Taxation on Income From Securities	393.775	436.229
Property Tax	4.903	4.191
Banking Insurance Transactions Tax (BITT)	469.903	463.810
Foreign Exchange Transactions Tax	34.393	119.822
Value Added Tax Payable	65.120	63.871
Other	316.296	133.007
Total	14.478.016	1.618.092

10.1.3. Information on Premium Payables

	Current Period	Prior Period
Social Security Premiums Employee	150	83
Social Security Premiums - Employer	170	98
Bank Social Aid Pension Fund Premium - Employee	87.868	22.904
Bank Social Aid Pension Fund Premium - Employer	128.706	33.563
Pension Fund Membership Fees and Provisions - Employee	6	4
Pension Fund Membership Fees and Provisions - Employer	53	15
Unemployment Insurance - Employee	6.765	1.807
Unemployment Insurance - Employer	13.529	3.615
Other	-	-
Total	237.247	62.089

10.2. Information on Deferred Tax Liabilities if any

The Group has TL 27.065 deferred tax liability. (31 December 2021: TL 21.837)

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” (31 December 2021: None).

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(Continued)

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)

12. Information on Subordinated Loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	-	25.674.225	-	22.741.964
Subordinated loans	-	2.037.123	-	1.314.363
Subordinated debt instruments	-	23.637.102	-	21.427.601
Debt instruments to be included in contribution capital calculation	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Total	-	25.674.225	-	22.741.964

(*) 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	34.900.000	13.100.000
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 Parent 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 34.900.000 was approved at the Bank's Extraordinary General Assembly meeting held on 9 March 2022. It was announced in the Trade Registry Gazette numbered 10536. The accounting for the said capital increase was carried out on 14 March 2022, based on the permission obtained from the BRSA.

Increase Date	Increase Amount	Cash	Profit Reserves Subject to Increase	Capital Reserves Subject to Increase
14 March 2022	21.800.000	21.800.000	-	-

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)

13. Information on Shareholders’ Equity (Continued)

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 Parent Bank has no capital commitments.

13.6. The Effects of Anticipations Based on the Financial Figures for Prior Periods Regarding the Group’s Income, Profitability and Liquidity, and Possible Effects of These Future Assumptions on the Group’s Equity due to Uncertainties at These Indicators

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

13.7. Information on Privileges Given to Shares Representing the Capital

The Parent 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)	41.654	(25.912)	41.654	(25.912)
Valuation Difference	36.775.208	(12.560.700)	9.691.095	(9.023.318)
Foreign Currency Differences	4.188.183	3.278	4.167.614	3.271
Total	41.005.045	(12.583.334)	13.900.363	(9.045.959)

III. EXPLANATIONS AND NOTES TO CONSOLIDATED 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 Commitments	31.138.076	24.817.588
Subsidiaries and Associates Capital Contribution Commitments	3.150	3.150
Loan Granting Commitments	28.579.783	22.929.479
Commitments for Cheque Payments	9.716.491	7.058.166
Commitments for Credit Card Expenditure Limits	69.091.620	61.914.689
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	110.368	102.027
Tax and Fund Liabilities from Export Commitments	27.599	22.637
Other Irrevocable Commitments	25.122.906	23.435.761
Total	163.789.993	140.283.497

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(Continued)

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

**1.2. A Nature and Amount of Possible Losses and Commitments Arising from the Off-Balance
Sheet Items Including the Below Mentioned**

The Group has provided provision amounting to TL 3.801.405 for expected credit losses arising from the off-balance sheet items in the current period. (31 December 2021: TL 3.401.185).

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

	Current Period	Prior Period
Letters of Guarantee	235.568.321	206.713.656
Letters of Credit	84.391.812	65.176.324
Bank Acceptances	14.875.320	11.968.706
Endorsements	8.785.986	6.009.467
Other Guarantees	2.359.339	2.433.706
Other Collateral	80	3.345
Total	345.980.858	292.305.204

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

	Current Period	Prior Period
Letters of Certain Guarantees	141.666.315	122.155.860
Letters of Advance Guarantees	35.475.116	32.445.562
Letters of Temporary Guarantees	6.070.347	5.056.575
Letters of Guarantees Given to Customs Offices	2.265.395	2.002.466
Other Letters of Guarantees	50.091.148	45.053.193
Total	235.568.321	206.713.656

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	43.747.955	39.535.612
With Original Maturity of One Year or Less	23.344.740	19.970.315
With Original Maturity of More than One Year	20.403.215	19.565.297
Other Non-Cash Loans	302.232.903	252.769.592
Total	345.980.858	292.305.204

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
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IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED PROFIT OR LOSS STATEMENT

1. Interest Income

1.1. Information on Interest Income from Loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans ⁽¹⁾	21.508.004	4.316.657	14.183.769	2.368.564
Short Term Loans	7.301.267	563.729	3.363.785	230.448
Medium and Long-Term Loans	13.822.115	3.695.420	10.548.086	2.134.385
Interest on Loans Under Follow-Up	384.622	57.508	271.898	3.731
Premiums Received from the 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
From Central Bank of the Republic of Turkey	-	-	-	-
From Domestic Banks	14.853	11.436	15.801	8.769
From Foreign Banks	35.248	46.062	6.715	13.750
From Headquarters and Branches Abroad	-	-	-	-
Total	50.101	57.498	22.516	22.519

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	139.982	11.437	17.315	45.667
Financial Assets at Fair Value Through Other Comprehensive Income	8.653.595	2.090.972	3.060.673	1.124.674
Financial Assets Measured at Amortized Cost	1.508.712	450.951	302.934	244.954
Total	10.302.289	2.553.360	3.380.922	1.415.295

(*) As stated in Note VII of Section Three, the Group's securities portfolios, whose fair value difference is reflected in other comprehensive income and measured at amortized cost, include consumer price ("CPI") indexed bonds. These securities are valued and accounted for using the effective interest method, based on the real coupon rates, the reference inflation index on the issue date, and the index calculated by taking into account the estimated inflation rate. The reference indices used in the calculation of the actual coupon payment amounts of these securities are created according to the CPI of two months ago. The Group determines the estimated inflation rate in parallel with this. The estimated inflation rate used is updated during the year when deemed necessary. In this context, as of 31 March 2022, the valuation of the said assets was made according to the annual 35% inflation forecast. A 1% increase in the CPI forecast will increase the profit before tax by TL 129.8 million as of 31 March 2022, while a 1% decrease will decrease it by TL 137.1 million.

1.4. Information on Interest Income Received from Associates and Subsidiaries

	Current Period	Prior Period
Interest Income from Associates and Subsidiaries	49.735	31.926

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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

2. Information on Interest Expense

2.1. Information of Interest Expense on Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	123.740	374.062	42.653	207.694
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	108.726	80.661	6.388	38.620
Foreign Banks	15.014	293.401	36.265	169.074
Foreign Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	36.157	-	638
Total	123.740	410.219	42.653	208.332

⁽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	11.422	8.244

2.3. Information on Interest Expense Given on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expenses on Securities Issued	220.752	640.446	192.682	396.551

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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

2. Information on Interest Expense

2.4. Maturity Structure of the Interest Expense on Deposits

Current Period	Demand Deposit	Time Deposits					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year		
TL								
Bank Deposit	-	1.032.855	16.823	-	-	-	-	1.049.678
Saving Deposit	-	389.588	4.763.580	1.083.675	201.578	996.477	4.167	7.439.065
Public Sector Deposit	25	789.609	342.755	26.248	17.216	445	-	1.176.298
Commercial Deposit	34	1.027.366	965.556	607.763	441.032	35.825	-	3.077.576
Other Deposit	-	137.257	484.191	25.950	14.801	11.663	-	673.862
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	59	3.376.675	6.572.905	1.743.636	674.627	1.044.410	4.167	13.416.479
FC								
Foreign Currency Deposit	1.334	99.734	319.981	37.545	31.776	116.424	1	606.795
Bank Deposit	13	991	9.402	4	16.913	13.737	-	41.060
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	3.854	11.166	982	547	576	-	17.125
Total	1.347	104.579	340.549	38.531	49.236	130.737	1	664.980
Grand Total	1.406	3.481.254	6.913.454	1.782.167	723.863	1.175.147	4.168	14.081.459

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	-	883.778	2.154	-	-	-	-	885.932
Saving Deposit	-	300.341	3.521.867	777.227	101.886	224.124	3.594	4.929.039
Public Sector Deposit	455	446.937	251.875	23.370	6.392	2.212	-	731.241
Commercial Deposit	33	805.178	1.068.941	17.397	137.106	13.122	-	2.041.777
Other Deposit	-	91.786	479.818	33.012	15.274	7.540	-	627.430
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	488	2.528.020	5.324.655	851.006	260.658	246.998	3.594	9.215.419
FC								
Foreign Currency Deposit	578	50.923	353.296	33.804	31.250	90.796	1	560.648
Bank Deposit	88	8.979	16.188	214	7.405	9.779	-	42.653
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	3.181	6.701	584	450	323	-	11.239
Total	666	63.083	376.185	34.602	39.105	100.898	1	614.540
Grand Total	1.154	2.591.103	5.700.840	885.608	299.763	347.896	3.595	9.829.959

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

3. Information on Trading Profit/Loss (Net)

	Current Period	Prior Period
Profit	118.812.981	85.428.520
Trading Gains on Securities	473.147	92.886
Gains on Derivative Financial Transactions	4.914.002	3.166.039
Foreign Exchange Profits	113.425.832	82.169.595
Loss (-)	118.536.283	87.885.404
Trading Losses on Securities	9.162	92.074
Losses on Derivative Financial Instruments	6.706.692	6.020.347
Foreign Exchange Loss	111.820.429	81.772.983

4. Information on Other Operating Income

Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 1.375.165 and income from sales of assets amounting to TL 223.346 (31 December 2021: Significant proportion of other operating income consists of reversals from prior period provisions amounting TL 3.873.173 and income from sales of assets amounting to TL 356.398).

5. Expected Credit Loss and Other Provision Expense

	Current Period	Prior Period
Expected Credit Loss Provisions	5.040.509	1.852.968
12 Month Expected Credit Loss (Stage 1)	1.146.414	145.861
Significant Increase in Credit Risk (Stage 2)	2.248.393	779.137
Non-Performing Loans (Stage 3)	1.645.702	927.970
Marketable Securities Impairment Expense	367.641	70.132
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	367.641	70.132
Subsidiaries, Associates and Entities Under Common Control Impairment Provision	-	-
Associates	-	-
Subsidiaries	-	-
Entities Under Common Control	-	-
Other (*)	1.742.163	50.610
Total	7.150.313	1.973.710

(*) Includes free provision expense amounting to TL 1.699.000 (31 December 2021: TL 250.000)

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

6. Information Related to Other Operating Expenses

	Current Period	Prior Period
Reserve for Employee Termination Benefits	151.902	120.411
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	100	-
Depreciation Expenses of Tangible Assets	163.851	140.221
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	62.594	47.663
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	1.453.346	1.097.536
Leasing Expenses Related to TFRS 16 Exceptions	26.754	20.933
Maintenance Expenses	53.729	50.299
Advertisement Expenses	72.581	56.872
Other Expenses	1.300.282	969.432
Loss on Sales of Assets	374	955
Other ⁽¹⁾	1.684.921	805.315
Total	3.517.088	2.212.101

⁽¹⁾ TL 602.007 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 573.941 consists of taxes, duties and charges expense (31 March 2021: TL 369.981 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 239.320 consists of taxes, duties and charges expense.)

7. Information on Profit/Loss Before Tax from Continuing and Discontinuing Operations

The compositions of the profit/loss before tax from the continuing operations are following:

	Current Period	Prior Period
Net Interest Income	20.041.911	6.874.593
Net Fees and Commissions Income	2.504.374	1.275.790
Other Operating Income	2.227.368	1.498.853
Dividend Income	1.001	5.348
Trading Profit/Loss (Net)	276.698	(2.456.884)
Personnel Expenses (-)	2.346.179	1.343.323
Expected Credit Loss (-)	5.040.509	1.852.968
Other Provision Expenses (-)	2.109.804	120.742
Other Operating Expenses (-)	3.517.088	2.212.101
Profit/Loss from Investments in Subsidiaries Consolidated based on Equity Method	33.764	13.451
Current Period Profit/Loss from Continued Operations	12.071.536	1.682.017

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

8. Information on Tax Provision for Continued and Discontinued Operations

As of 31 March 2022, TL 4.371.462 of the Group's total tax provision expense amounting to TL 13.263.003 consists of current tax expense while remaining balances amounting to TL 8.891.541 consists of deferred tax expense. (As of 31 March 2021, TL 341.587 of the Group's total tax provision expense amounting to TL 840.599 consists of current tax expense while remaining balances amounting to TL 499.012 consists of deferred tax income)

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

The Group's net profit from continuing operations is TL 7.700.074 (31 March 2021: Group's net profit from continuing operations is TL 1.340.430)

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

**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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(Continued)

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

1. Information on the Volume of Transactions Relating to the Parent 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 Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Beginning Balance	1.522.167	10.407	-	-	-	-
Ending Balance	1.597.080	13.934	-	-	-	-
Interest and Commissions Income	49.735	40	-	-	-	-

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Beginning Balance	1.138.436	27.516	-	-	-	-
Ending Balance	1.522.167	10.407	-	-	-	-
Interest and Commissions Income	31.926	322	-	-	-	-

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

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Beginning Balance	261.948	283.286	-	-	-	-
Ending Balance	366.368	261.948	-	-	-	-
Interest Expense on Deposits	11.422	8.244	-	-	-	-

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

None. (31 December 2021: None).

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

Fees paid to the Group’s key management amount to TL 25.728(31 March 2021: TL 14.464).

VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

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SECTION SIX

EXPLANATIONS ON INDEPENDENT AUDIT REPORT

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

The consolidated financial statements prepared as of 31 March 2022 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 13 May 2022 is presented preceding the consolidated 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

The global economy, in which started 2022 in a positive tone with the foresight that the restrictions on the pandemic will ease and the central banks of developed countries will gradually normalize their monetary policies. However, the increase in geopolitical risks have reversed expectations.

As a result of the disruptions in the supply chain and supply problems triggered by the pandemic, high inflation on a global scale was the most important agenda item last year. Supply and supply problems, which are expected to normalize this year with the easing of epidemic restrictions, increased again after the war between Russia and Ukraine and the increasing epidemic restrictions in China. This situation caused a sharp rise in commodity prices, especially in energy, negatively affecting the global inflation and growth outlook. Within the framework of these developments, the IMF revised its global growth forecast, which was 4.4% at the beginning of the year, to 3.6%.

The increasing inflationary environment and the risks in the growth outlook have left the central banks in a difficult choice. The US Federal Reserve (Fed), which started rate hikes with the strong outlook in the employment market, points out that it may tighten its monetary policy more aggressively in the rest of the year compared to previous projections. The European Central Bank, on the other hand, prefers to take more cautious steps compared to the Fed, as a result of the risks that have become evident due to the Euro Zone's dependence on Russia on the energy side. China, whose pandemic conditions were different from other countries in the quarter we left behind, is supporting its economy with interest rate and reserve requirement reductions and government incentives.

Increasing geopolitical risks in a circumstance where the effects of the pandemic are tried to be overcome, negatively affect the global and regional growth outlook through several aspects. The reflections of these risks in the country are observed, especially on the tourism, import and export side. It pointed out that even though a difficult quarter with increased uncertainties has been left behind, the Turkish economy will maintain its strength and achieve a growth above its potential in the first quarter with the contribution of domestic demand and particularly foreign demand. Exports of goods, which played an important role in turning the economy towards a healthy growth composition in 2021, also supported investments and industrial production last year. Despite the increasing regional risks, the strong outlook in exports continued in the first quarter of 2022, with the contribution of export companies' flexibility in product and market diversification and ensured that foreign demand continued to support economic activity, especially through industrial employment and machinery investments. Tourism revenues, which recovered significantly in 2021 with the success in the vaccination process, continued to improve in the first quarter of this year and became a factor that relatively limited the widening in the current account deficit.

The banking sector realized a rapid loan growth in the first quarter of 2022 and continued to contribute to the growth of our country. Ziraat Bank, on the other hand, maintained its position as the leading bank of the sector with its cash and non-cash loans, as well as its asset size, and continues to allocate the funds it obtains from the domestic and foreign markets, to the fields that will contribute the most to our country's economy with its selective loan policy.

Burhaneddin TANYERİ
Chairman of the Board

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

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

EXPLANATION ON INTERIM ACTIVITY REPORT (Continued)

II. ASSESSMENT OF GENERAL MANAGER

Although there has been a recovery after the lockdowns in recent years, when the pandemic was the main agenda issue, there is a process where production is disrupted, supply chain problems are experienced, high inflation rates are seen on a global scale, and countries are implementing tighter monetary policy practices.

With the effect of geopolitical risks such as drought and war, besides the increase in food and commodity prices, there may be problems in accessing strategically important products. In this context, production, employment and the continuation of investments to realize them gained more importance.

In this challenging period, our economy continues to grow and our banking sector continues to finance growth. As the leading bank of the sector, Ziraat Bank continues to support our economy more with its credit-oriented growth strategy.

In this context, as of the end of March/2022, our asset size has reached TL 1,5 trillion, our cash loans have reached TL 866 billion, and the total support we have provided to our economy with cash and non-cash loans has reached TL 1,2 trillion.

We are focused on managing these sizes more effectively and in a way that will contribute more to our economy. In this context, our main strategies continue to be credit-oriented growth and financing the real sector in TL, with a selective credit policy.

We have extended 70% of our TL-denominated loans, which make up the majority of our cash loans, to finance the real sector. In this context, we consider agriculture, production, employment, investment and export as priority areas.

Based on the fact that agriculture is a national issue of strategic importance for our present and future, we see it as our main mission to increase productivity and added value in production, and to provide financial support for the sustainability and development of agricultural production. In this context, we have determined our new agricultural banking strategy as “Financing the Agricultural Ecosystem”. The basis of this strategy is sustainable and accessible financing, solution orientation and strong communication.

We observe that risks arising from environmental and climate changes have become the main agenda item on a global scale, and natural disasters, unexpected weather events and droughts increased. In this context, our goals are to mobilize the agricultural production potential of our country, to develop modern agricultural techniques, to prevent production losses, to develop irrigation and organic farming methods, to protect fertile agricultural lands, to industrialize agriculture, and to have a planned structure from farm to fork. In this context, apart from providing financing, we continue to work in coordination with all stakeholders related to agriculture in order to find suitable solutions.

We also attach importance to sustainability outside of agriculture. In this context, we have also completed our environmental and social impact management policy in lending activities.

We continue to support SMEs, which are important elements of production and employment, with the financing facilities we have designed. In this context, we continue to support SMEs' financial needs in terms of investment, working capital, export and additional employment, as well as their efforts to improve manufacturing-based import substitution and energy efficiency.

Our investments, which take into account the changing conditions, continue in order to provide more effective service with our widespread branch network. We are also increasing our investments in digital banking. The number of our active digital banking customers has exceeded 17 million. 94% of financial transactions are carried out through digital channels. Being the sector leader in debit cards, our Bank has significantly increased its credit card and contracted merchant market share.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

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EXPLANATION ON INTERIM ACTIVITY REPORT (Continued)

II. ASSESSMENT OF GENERAL MANAGER (Continued)

In addition to deposits, which is the main funding source of our balance sheet, we also diversify our funding structure with non-deposit funding. We renewed our syndicated loan of USD 1,2 billion with the participation of 45 banks from 21 countries. This syndicated loan includes sustainability commitments as well as being used in financing foreign trade.

As the bank that provides the highest financial support to the real sector in our country, we will continue to transfer the funds we have obtained from the domestic and foreign markets to areas that will contribute the most to the economy, and increase our contribution to the growth and development of our country.

Alpaslan ÇAKAR
Member of the Board and CEO

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

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

EXPLANATION ON INTERIM ACTIVITY REPORT (Continued)

III. CORPORATE PROFILE

Since its establishment in 1863, Ziraat Bank has provided funds to all segments of the economy with its main mission of financing agriculture, and has been among the greatest promoters of the development of the country.

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.

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 Bank is TL 34.900.000.000. The Bank's sole shareholder is Turkish 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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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

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

EXPLANATION ON INTERIM ACTIVITY REPORT (Continued)

V. MAIN CONSOLIDATED FINANCIAL INDICATORS

ASSETS (TL Million)	31.03.2022	31.12.2021
Cash and Cash Equivalents	210.213	246.314
Securities Portfolio	439.532	354.668
Cash Loans	971.535	864.852
Other Assets	28.179	27.700
Total Assets	1.649.459	1.493.534
LIABILITIES (TL Million)	31.03.2022	31.12.2021
Deposits	1.186.387	1.051.861
Non-deposits Funds	238.635	294.476
Other Liabilities	70.784	46.054
Shareholders' Equity	153.653	101.143
Total Liabilities	1.649.459	1.493.534
SUMMARY OF PROFIT OR LOSS TABLE (TL Million)	31.03.2022	31.03.2021
Net Interest Income	20.042	6.875
Net Fees and Commission Income	2.504	1.276
Other Operating Income	2.227	1.499
Other Operating Expense	3.517	2.212
Allowance for Expected Credit Losses	5.041	1.853
Net Profit/Losses	7.700	1.340
RATIOS (%)	31.03.2022	31.12.2021
Capital Adequacy Ratio	19,46	15,66
Equity / Total Assets	9,3	6,8
Cash Loans (Gross) / Total Assets	58,9	57,9
Loans under follow-up (Gross) / Total Loans	2,1	2,3
Liquid Assets / Total Assets	12,7	16,5

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