

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI
ANONİM ŞİRKETİ**

**CONSOLIDATED FINANCIAL STATEMENTS
AND RELATED DISCLOSURES AS OF 30 JUNE 2021
WITH AUDITORS' REVIEW REPORT**

***(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
ORIGINALLY ISSUED IN TURKISH)***



AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

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

Introduction

We have reviewed the consolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi ("the Bank") and its consolidated subsidiaries (collectively referred to as "the Group") at 30 June 2021 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 six-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on 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 mentioned in Section Five Part II. 9.3 of Explanations and Notes to the Consolidated Financial Statements; the accompanying consolidated financial statements as at 30 June 2021 include a free provision amounting to TL 3,505,000 thousand provided in prior periods 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 does not present fairly in all material respects the consolidated financial position of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi and its consolidated subsidiaries at 30 June 2021 and the results of its consolidated financial performance and its consolidated cash flows for the six-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section Seven, is not consistent with the reviewed 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 August 2021



**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 30 JUNE 2021**

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

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

- GENERAL INFORMATION ABOUT THE 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 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 six month period ended which are expressed, unless otherwise stated, in thousands of Turkish Lira have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on the Principles and Procedures Regarding Banks' Accounting and Keeping of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been independently 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 and Budget Analysis Manager
Telephone Number : 0312 584 59 32
Fax Number : 0312 584 59 38

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**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
30 JUNE 2021**

(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 13.100.000. This capital is divided into 13.100.000.000 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.

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 ⁽¹⁾	Chairman
Alpaslan ÇAKAR ⁽²⁾	CEO and Member
Veysi KAYNAK	Vice Chairman and Member
Dr. Ahmet GENÇ	Member
Faruk ÇELİK	Member
Fazlı KILIÇ ⁽³⁾	Member
Feyzi ÇUTUR	Member
Mahmut KAÇAR	Member
Serruh KALELİ	Member
Audit Committee Members	
Fazlı KILIÇ ⁽⁴⁾	Member
Mahmut KAÇAR	Member
Executive Vice Presidents	
Cüneyt SAGLIK ⁽⁵⁾	Payment Systems and Credit Processes
Emrah GÜNDÜZ ⁽⁵⁾	Banking Operations and Corporate Communications
Ferhat PIŞMAF ⁽⁵⁾	Corporate Banking
Mehmet Şükrü TAŞCI ⁽⁵⁾	Credit Allocation and Management
Recep TÜRK ⁽⁵⁾	Credit Risk Monitoring and Liquidation
Yüksel CESUR	Retail Banking

⁽¹⁾ At the Bank’s Ordinary General Assembly meeting held on March 26, 2021, he was elected to the Board of Directors to replace Yusuf Bilmez, was appointed as the Chairman of the Board of Directors to replace Dr. Ahmet Genç, and started his duty as of March 29, 2021.

⁽²⁾ In the Ordinary General Assembly meeting of the Parent Bank held on 26 March 2021, he was appointed as the General Manager to replace Hüseyin Aydın.

⁽³⁾ He was appointed to replace Mehmet Nihat Ömeroğlu at the Ordinary General Assembly Meeting of the Parent Bank held on March 26, 2021 and commenced his duty as of March 29, 2021.

⁽⁴⁾ He was appointed on April 25, 2021 and commenced his duty on the same date.

⁽⁵⁾ He was appointed on April 9, 2021 and commenced his duty on the same date.

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
30 JUNE 2021**

(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	13.100.000	100	13.100.000	-

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 30 June 2021, the Parent Bank carries its activities with a grand total of 1752 branches; 1638 domestic branches including 19 corporate branches, 65 entrepreneurial branches, 1728 branches and 6 mobile branches (31 December 2020: 1.728 domestic branches including 1.639 branches, 19 corporate branches, 65 entrepreneurial branches, 5 mobile branches) and 24 branches abroad which are London branch in England, Baghdad and Arbil branches in Iraq, Athens, Komotini, and Xanthi branches in Greece, Sofia, Plovdiv, Kardzhali and Varna branches in Bulgaria, Jeddah branch in Saudi Arabia, Pristina, Prizren, Peja and Ferizaj branches in Kosovo, Bahrain branch in Bahrain, Lefkoşa, Girne, Güzelyurt, Gazimağusa, Gönyeli, Taşkınıköy, Karaoğlanoğlu and İskele branches in Turkish Republic of Northern Cyprus. The Parent Bank also has 1 representative office in Tehran, Iran.

The Parent Bank and the consolidated subsidiaries in Note III are referred to ‘Group’ as a whole.

As of 30 June 2021, the Group has 27.104 employees. (31 December 2020: 27.161).

**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
30 JUNE 2021**

(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 (Continued)

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, jointly controlled partnership of the Parent Bank, is accounted by using equity method in the consolidated financial statements of the Parent Bank.

As Ziraat Teknoloji A.Ş., Onko İlaç Sanayi ve Ticaret A.Ş, Koçsel İlaç Sanayi ve Ticaret A.Ş. and Rinerji Rize Elektrik Üretim A.Ş. which are non-financial subsidiaries of the Parent Bank, are not consolidated in the consolidated financial statements of the Parent Bank in accordance with Communiqué of the Preparation Consolidated Financial Statements. Moreover, Platform Ortak Kartlı Sistemler A.Ş., Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş. and Keskinöğlü Tavukçuluk ve Damızlık İşl. San. Tic. A.Ş. are non-financial associates of the Parent Bank which are carried at cost are not consolidated in the consolidated financial statements. All other associates and subsidiaries are fully consolidated. Central Oto Kiralama A.Ş., ZG Tarım Piyasaları A.Ş., ZG Tarım ve Hayvancılık Yatırımları A.Ş., which are subsidiaries of Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş. and its subsidiaries, ZY Elektrikli Traktör San. ve Tic. A.S. and MESA İmalat Sanayi ve Ticaret A.Ş. As they are not financial institutions, they are not consolidated.

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

- I. Consolidated Balance Sheet (Statement of Financial Position) - Assets
- II. Consolidated Balance Sheet (Statement of Financial Position) - Liabilities
- III. Consolidated Statement of Off-Balance Sheet Commitments
- IV. Consolidated Statement of Profit or Loss
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- VI. Consolidated Statement of Changes in Shareholders' Equity
- VII. Consolidated Statement of Cash Flows

**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 30 JUNE 2021**

(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 30 June 2021			Prior Period 31 December 2020		
		TL	FC	Total	TL	FC	Total
I- FINANCIAL ASSETS (NET)		120.534.671	233.896.259	354.430.930	121.644.985	190.978.231	312.623.216
1.1 Cash and Cash Equivalents		11.332.251	106.148.398	117.480.649	9.547.307	95.419.691	104.966.998
1.1.1. Cash and Balances with Central Bank	(1)	10.346.010	97.335.800	107.681.810	8.366.406	86.579.819	94.946.225
1.1.2 Banks	(4)	346.145	8.824.893	9.171.038	581.355	8.848.805	9.430.160
1.1.3 Money Market Receivables		642.477	-	642.477	603.790	-	603.790
1.1.4 Expected Loss Provision (-)		2.381	12.295	14.676	4.244	8.933	13.177
1.2 Financial Assets at Fair Value Through Profit or Loss	(2)	1.246.928	18.732.476	19.979.404	14.810.177	543.939	15.354.116
1.2.1 Government Debt Securities		141.499	16.815.776	16.957.275	13.782.465	9.300	13.791.765
1.2.2 Equity Instruments		21.092	685.359	706.451	16.486	527.069	543.555
1.2.3 Other Financial Assets		1.084.337	1.231.341	2.315.678	1.011.226	7.570	1.018.796
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(5),(6)	106.488.183	107.836.300	214.324.483	94.339.957	92.900.367	187.240.324
1.3.1 Government Debt Securities		101.399.725	104.985.979	206.385.704	89.811.384	91.006.417	180.817.801
1.3.2 Equity Instruments		257.505	35.990	293.495	242.135	31.702	273.837
1.3.3 Other Financial Assets		4.830.953	2.814.331	7.645.284	4.286.438	1.862.248	6.148.686
1.4 Derivative Financial Assets	(3)	1.467.309	1.179.085	2.646.394	2.947.544	2.114.234	5.061.778
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		1.467.309	1.179.085	2.646.394	2.947.544	2.114.234	5.061.778
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		506.297.979	224.434.019	730.731.998	484.765.513	187.483.096	672.248.609
2.1 Loans	(7)	514.228.199	202.013.400	716.241.599	489.100.046	168.409.928	657.509.974
2.2 Lease Receivables	(12)	3.397.724	2.948.515	6.346.239	2.851.377	2.294.800	5.146.177
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortized Cost	(8)	10.334.908	21.201.536	31.536.444	12.466.614	18.153.867	30.620.481
2.4.1 Government Debt Securities		10.248.659	21.052.220	31.300.879	12.379.588	18.095.133	30.474.721
2.4.2 Other Financial Assets		86.249	149.316	235.565	87.026	58.734	145.760
2.5 Expected Credit Loss (-)		21.662.852	1.729.432	23.392.284	19.652.524	1.375.499	21.028.023
III. NON-CURRENT ASSETS OR DISPOSAL GROUPS “HELD FOR SALE” AND “HELD FROM DISCOUNTED OPERATIONS (Net)	(15)	5.325.340	-	5.325.340	5.336.119	-	5,336,119
3.1 Held for Sale Purpose		5.325.340	-	5.325.340	5.336.119	-	5.336.119
3.2. Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		1.412.619	241.030	1.653.649	1.277.395	207.948	1.485.343
4.1 Investments in Associates (Net)	(9)	708.292	9.053	717.345	550.810	3.445	554.255
4.1.1. Associates Valued Based on Equity Method		308.222	-	308.222	293.250	-	293.250
4.1.2 Unconsolidated Associates		400.070	9.053	409.123	257.560	3.445	261.005
4.2 Subsidiaries (Net)	(10)	704.327	11.052	715.379	726.585	9.541	736.126
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		704.327	11.052	715.379	726.585	9.541	736.126
4.3 Entities under Common Control (Joint Ventures) (Net)	(11)	-	220.925	220.925	-	194.962	194.962
4.3.1. Joint Ventures Valued Based on Equity Method		-	220.925	220.925	-	194.962	194.962
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)	(16)	11.416.771	479.662	11.896.433	11,099,870	403,960	11,503,830
VI. INTANGIBLE ASSETS (Net)		1.290.843	72.991	1,363,834	1,147,667	66,466	1,214,133
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		1.290.843	72.991	1.363.834	1.147.667	66.466	1.214.133
VII. INVESTMENT PROPERTY (Net)	(14)	566.740	-	566.740	477.790	-	477.790
VIII. CURRENT TAX ASSET		23.145	6.951	30.096	23.394	5.688	29.082
IX. DEFERRED TAX ASSET		3,320,483	5,953	3,326,436	856,992	5,120	862,112
X. OTHER ASSETS (Net)	(20)	10,077,146	1,325,384	11,402,530	9,414,878	3,337,809	12,752,687
TOTAL ASSETS		660,265,737	460,462,249	1,120,727,986	636,044,603	382,488,318	1,018,532,921

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 30 JUNE 2021**

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

II- CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) LIABILITIES	Note (Section Five II)	Current Period 30 June 2021			Prior Period 31 December 2020		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(1)	363.313.125	410.000.251	773.313.376	331.229.660	363.608.580	694.838.240
II. FUNDS BORROWED	(3)	461.836	44.265.630	44.727.466	1.393.770	35.774.781	37.168.551
III. MONEY MARKET BORROWINGS	(4)	93.669.001	32.485.556	126.154.557	94.932.803	23.569.739	118.502.542
IV. SECURITIES ISSUED (Net)	(5)	4.142.373	17.374.556	21.516.929	5.027.603	13.346.012	18.373.615
4.1 Bills		-	746.707	746.707	-	-	-
4.2 Asset Backed Securities		3.132.257	-	3.132.257	4.017.250	-	4.017.250
4.3 Bonds		1.010.116	16.627.849	17.637.965	1.010.353	13.346.012	14.356.365
V. FUNDS		6.085.193	-	6.085.193	6.053.060	-	6.053.060
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		6.085.193	-	6.085.193	6.053.060	-	6.053.060
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)	790.265	3.032.073	3.822.338	1.464.562	2.022.399	3.486.961
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		790.265	3.032.073	3.822.338	1.464.562	2.022.399	3.486.961
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	(7)	903.619	95.119	998.738	879.435	121.928	1.001.363
X. PROVISIONS	(9)	7.478.647	319.343	7.797.990	7.265.341	245.485	7.510.826
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		1.634.824	9.144	1.643.968	1.569.882	7.193	1.577.075
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		5.843.823	310.199	6.154.022	5.695.459	238.292	5.933.751
XI. CURRENT TAX LIABILITY	(10)	2.026.291	10.189	2.036.480	1.769.112	6.951	1.776.063
XII. DEFERRED TAX LIABILITY	(10)	-	8.294	8.294	-	7.128	7.128
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 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(12)	-	15.352.979	15.352.979	-	13.816.234	13.816.234
14. Loans		-	892.590	892.590	-	768.037	768.037
14.2 Other Debt Instruments		-	14.460.389	14.460.389	-	13.048.197	13.048.197
XV. OTHER LIABILITIES	(6)	21.360.698	2.583.648	23.944.346	15.978.625	4.946.160	20.924.785
XVI. SHAREHOLDERS' EQUITY	(13)	95.542.033	(572.733)	94.969.300	93.066.833	2.006.720	95.073.553
16.1 Paid-in capital		13.100.000	-	13.100.000	13.100.000	-	13.100.000
16.2 Capital Reserves		(20.776)	-	(20.776)	(17.745)	-	(17.745)
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		(20.776)	-	(20.776)	(17.745)	-	(17.745)
16.3. Accumulated Other Comprehensive Income or Expense Not Reclassified Through Profit or Loss		7.308.908	15.802	7.324.710	5.619.524	(32.697)	5.586.827
16.4. Accumulated Other Comprehensive Income or Expense Reclassified Through Profit or Loss		2.673.918	(1.991.474)	682.444	3.563.047	956.629	4.519.676
16.5 Profit Reserves		68.010.998	1.402.939	69.413.937	57.638.040	1.082.788	58.720.828
16.5.1 Legal Reserves		5.611.450	44.080	5.655.530	5.111.485	33.686	5.145.171
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		62.263.762	43.062	62.306.824	52.389.601	36.080	52.425.681
16.5.4 Other Profit Reserves		135.786	1.315.797	1.451.583	136.954	1.013.022	1.149.976
16.6 Profit or (Loss)		2.706.717	-	2.706.717	13.159.432	-	13.159.432
16.6.1 Prior Periods' Profit or (Loss)		351.326	-	351.326	3.507.980	-	3.507.980
16.6.2 Current Period Profit or (Loss)		2.355.391	-	2.355.391	9.651.452	-	9.651.452
16.7 Minority Interest		1.762.268	-	1.762.268	4.535	-	4.535
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		595.773.081	524.954.905	1.120.727.986	559.060.804	459.472.117	1.018.532.921

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 OFF BALANCE SHEET COMMITMENTS
AS OF 30 JUNE 2021**

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

III. CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period 30 June 2021			Prior Period 31 December 2020		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		230.691.399	479.296.932	709.988.331	202.622.377	429.001.864	631.624.241
I. GUARANTEES AND WARRANTIES	(1)	53.904.218	134.225.158	188.129.376	50.318.190	109.735.813	160.054.003
1.1 Letters of Guarantee		53.201.199	89.664.707	142.865.906	48.991.834	75.714.828	124.706.662
1.1.1 Guarantees Subject to State Tender Law		1.606.602	19.182.492	20.789.094	1.463.827	16.510.251	17.974.078
1.1.2 Guarantees Given for Foreign Trade Operations		45.681.525	44.844.404	90.525.929	41.641.970	37.911.310	79.553.280
1.1.3 Other Letters of Guarantee		5.913.072	25.637.811	31.550.883	5.886.037	21.293.267	27.179.304
1.2 Bank Acceptances		26.446	8.104.943	8.131.389	122.254	7.088.274	7.210.528
1.2.1 Import Letter of Acceptance		26.446	8.103.894	8.130.340	122.254	7.087.381	7.209.635
1.2.2 Other Bank Acceptances		-	1.049	1.049	-	893	893
1.3 Letters of Credit		564.760	32.285.980	32.850.740	997.868	23.665.410	24.663.278
1.3.1 Documentary Letters of Credit		564.760	32.099.309	32.664.069	997.868	23.562.686	24.560.554
1.3.2 Other Letters of Credit		-	186.671	186.671	-	102.724	102.724
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		81.000	1.913.815	1.994.815	99.000	1.421.463	1.520.463
1.5.1 Endorsements to the Central Bank of Turkey		81.000	1.913.815	1.994.815	99.000	1.421.463	1.520.463
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		27.813	2.252.039	2.279.852	98.155	1.841.367	1.939.522
1.9 Other Collaterals		3.000	3.674	6.674	9.079	4.471	13.550
II. COMMITMENTS		96.685.290	32.039.681	128.724.971	78.266.567	29.605.559	107.872.126
2.1 Irrevocable Commitments	(1)	96.685.142	32.039.681	128.724.971	78.266.567	29.605.559	107.872.126
2.1.1 Asset Purchase Commitments		2.680.959	12.866.425	15.547.384	96.533	14.155.920	14.252.453
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		3.150	-	3.150	3.150	-	3.150
2.1.4 Loan Granting Commitments		16.877.678	59.887	16.937.565	14.666.903	63.612	14.730.515
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques Payments		6.451.927	126	6.452.053	5.098.792	83	5.098.875
2.1.8 Tax and Fund Liabilities from Export Commitments		19.964	-	19.964	16.428	-	16.428
2.1.9 Commitments for Credit Card Limits		56.246.331	42.982	56.289.313	44.638.928	38.696	44.677.624
2.1.10 Commitments for Credit Cards and Banking Services Promotions		83.441	-	83.441	68.632	-	68.632
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		14.321.692	8.239.382	22.561.074	13.677.201	7.337.054	21.014.255
2.2 Revocable Commitments		148	10.830.879	10.831.027	-	8.010.194	8.010.194
2.2.1 Revocable Loan Granting Commitments		-	450.589	450.589	-	205.122	205.122
2.2.2 Other Revocable Commitments		148	10.380.290	10.380.438	-	7.805.072	7.805.072
III. DERIVATIVE FINANCIAL INSTRUMENTS		80.101.891	313.032.093	393.133.984	74.037.620	289.660.492	363.698.112
3.1 Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1 Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2 Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3 Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2 Trading Derivative Financial Instruments		80.101.891	313.032.093	393.133.984	74.037.620	289.660.492	363.698.112
3.2.1 Forward Foreign Currency Buy/Sell Transactions		3.873.637	5.033.261	8.906.898	2.355.332	2.663.655	5.018.987
3.2.1.1 Forward Foreign Currency Transactions-Buy		1.938.704	2.519.953	4.458.657	1.527.355	1.008.721	2.536.076
3.2.1.2 Forward Foreign Currency Transactions-Sell		1.934.933	2.513.308	4.448.241	827.977	1.654.934	2.482.911
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		76.228.254	307.998.832	384.227.086	-	-	-
3.2.2.1 Foreign Currency Swap-Buy		4.662.430	157.056.938	161.719.368	71.018.140	286.360.907	357.379.047
3.2.2.2 Foreign Currency Swap-Sell		70.925.824	93.005.428	163.931.252	63.436.175	145.831.548	151.883.513
3.2.2.3 Interest Rate Swap-Buy		320.000	28.968.233	29.288.233	765.000	26.447.653	27.212.653
3.2.2.4 Interest Rate Swap-Sell		320.000	28.968.233	29.288.233	765.000	26.447.653	27.212.653
3.2.3 Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1 Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2 Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3 Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4 Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		-	-	-	664.148	635.930	1.300.078
3.2.4.1 Foreign Currency Futures-Buy		-	-	-	-	635.930	635.930
3.2.4.2 Foreign Currency Futures-Sell		-	-	-	664.148	-	664.148
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		1.831.638.311	396.795.077	2.228.433.388	2.563.869.791	325.299.145	2.889.168.936
IV. ITEMS HELD IN CUSTODY		261.773.135	85.434.101	347.207.236	1.179.135.773	66.865.796	1.246.001.569
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		15.189.227	37.205.210	52.394.437	17.451.168	31.490.162	48.941.330
4.3 Checks Received for Collection		19.564.925	3.254.346	22.819.271	17.101.252	2.429.665	19.530.917
4.4 Commercial Notes Received for Collection		18.872.562	1.612.915	20.485.477	14.356.213	1.383.849	15.740.062
4.5 Other Assets Received for Collection		8.816	-	8.816	8.816	-	8.816
4.6 Assets Received for Public Offering		187.457.085	141.600	187.598.685	1.100.163.673	2.864	1.100.166.537
4.7 Other Items Under Custody		20.678.871	40.228.004	60.906.875	30.053.002	28.659.397	58.712.399
4.8 Custodians		1.649	2.992.026	2.993.675	1.649	2.899.859	2.901.508
V. PLEDGES RECEIVED		1.568.337.613	306.525.982	1.874.863.595	1.383.210.835	254.082.953	1.637.293.788
5.1 Marketable Securities		6.427.562	1.804.299	8.231.861	7.177.865	1.570.333	8.748.198
5.2 Guarantee Notes		20.558.013	9.479.050	30.037.063	16.760.456	7.021.330	23.781.786
5.3 Commodity		3.548.674	1.269.741	4.818.415	3.110.331	923.024	4.033.355
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		1.261.161.771	190.545.523	1.451.707.294	1.103.157.094	158.200.995	1.261.358.089
5.6 Other Pledged Items		276.636.384	103.395.198	380.031.582	252.999.880	86.339.640	339.339.520
5.7 Pledged Items-Depository		5.209	32.171	37.380	5.209	27.631	32.840
VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES		1.527.563	4.834.994	6.362.557	1.523.183	4.350.396	5.873.579
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		2.062.329.710	876.092.009	2.938.421.719	2.766.492.168	754.301.009	3.520.793.177

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 AS OF 30 JUNE 2021**

(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 - 30 June 2021	Prior Period 1 January - 30 June 2020	Current Period 1 April - 30 June 2021	Prior Period 1 April - 30 June 2020
I.	INTEREST INCOME	(1)	46.851.891	34.508.308	25.009.723	17.409.824
1.1	Interest on Loans		34.791.979	26.778.661	18.239.646	13.406.015
1.2	Interest on Reserve Requirements		587.626	72.092	377.963	34.741
1.3	Interest on Banks		91.813	55.850	46.778	25.419
1.4	Interest on Money Market Transactions		3.283	4.790	1.366	2.479
1.5	Interest on Marketable Securities Portfolio		10.955.502	7.264.639	6.159.285	3.821.542
1.5.1	Fair Value Through Profit or Loss		147.418	94.301	84.436	65.768
1.5.2	Fair Value through Other Comprehensive Income		9.545.388	6.395.917	5.360.041	3.320.168
1.5.3	Measured at Amortized Cost		1.262.696	774.421	714.808	435.606
1.6	Financial Lease Interest Income		221.071	182.515	113.601	88.259
1.7	Other Interest Income		200.617	149.761	71.084	31.369
II.	INTEREST EXPENSE (-)	(2)	32.177.067	14.542.932	17.209.492	7.015.777
2.1	Interest on Deposits		20.884.415	10.296.584	11.054.456	5.031.334
2.2	Interest on Funds Borrowed		578.105	696.674	327.120	317.716
2.3	Interest Expense on Money Market Transactions		9.194.884	1.725.379	5.063.566	873.535
2.4	Interest on Securities Issued		1.209.327	894.256	620.094	457.243
2.5	Interest on Leases		67.779	64.149	36.317	31.379
2.6	Other Interest Expenses		242.557	865.890	107.939	304.570
III.	NET INTEREST INCOME (I - II)		14.674.824	19.965.376	7.800.231	10.394.047
IV.	NET FEES AND COMMISSIONS INCOME		2.627.334	1.251.309	1.351.544	498.239
4.1	Fees and Commissions Received		3.611.374	2.319.817	1.887.055	1.121.682
4.1.1	Non-cash Loans		637.969	505.863	301.150	250.820
4.1.2	Other		2.973.405	1.813.954	1.585.905	870.862
4.2	Fees and Commissions Paid (-)		984.040	1.068.508	535.511	623.443
4.2.1	Non-cash Loans		172	497	65	204
4.2.2	Other		983.868	1.068.011	535.446	623.239
V.	DIVIDEND INCOME		8.248	1.487	2.900	416
VI.	TRADING PROFIT/(LOSS) (Net)	(3)	(4.941.447)	(2.743.322)	(2.484.563)	(615.272)
6.1	Trading Gains / (Losses) on Securities		76.237	2.716.264	75.425	1.773.497
6.2	Gains / (Losses) on Derivative Financial Transactions		(5.623.704)	(2.727.074)	(2.769.396)	(1.222.689)
6.3	Foreign Exchange Profit/(Losses)		606.020	(2.732.512)	209.408	(1.166.080)
VII.	OTHER OPERATING INCOME	(4)	2.722.573	1.796.514	1.223.720	943.337
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		15.091.532	20.271.364	7.893.832	11.220.767
IX.	EXPECTED CREDIT LOSS (-)	(5)	4.235.406	5.715.733	2.382.438	3.630.116
X.	OTHER PROVISION EXPENSES (-)	(5)	163.365	2.142.787	42.623	1.199.375
XI.	PERSONNEL EXPENSE (-)		2.784.826	2.690.993	1.441.503	1.616.288
XII.	OTHER OPERATING EXPENSES (-)	(6)	4.624.258	4.239.244	2.412.157	2.078.214
XIII.	NET OPERATING PROFIT/(LOSS) (VIII-IX-X-XI-XII)		3.283.677	5.482.607	1.615.111	2.696.774
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XV.	PROFIT/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		41.027	26.189	27.576	15.772
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)	(7)	3.324.704	5.508.796	1.642.687	2.712.546
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(8)	(954.722)	(1.816.228)	(613.135)	(985.811)
18.1	Current Tax Provision		(2.044.504)	(2.595.846)	(1.203.905)	(2.043.147)
18.2	Deferred Tax Expense Effect (+)		(369.887)	(1.770.771)	(184.562)	(768.715)
18.3	Deferred Tax Income Effect (-)		1.459.669	2.550.389	775.332	1.826.051
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)	(9)	2.369.982	3.692.568	1.029.552	1.726.735
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	2.473.439	-	1.365.900
20.1	Income from Non-Current Assets Held for Sale		-	1.107.539	-	-
20.2	Income from Sales of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)		-	1.365.900	-	1.365.900
20.3	Income from Other Discontinued Operations		-	-	-	-
XXI.	EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	535.466	-	-
21.1	Expenses on Non-Current Assets Held for Sale		-	535.466	-	-
21.2	Expense from Sales of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)		-	-	-	-
21.3	Expenses for Other Discontinued Operations		-	-	-	-
XXII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)		-	1.937.973	-	1.365.900
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	(81.405)	-	-
23.1	Current Tax Provision		-	(78.057)	-	-
23.2	Deferred Tax Expense Effect (+)		-	(3.766)	-	-
23.3	Deferred Tax Income Effect (-)		-	418	-	-
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	1.856.568	-	1.365.900
XXV.	NET PROFIT/(LOSS) (XVIII±XXIII)	(10)	2.369.982	5.549.136	1.029.552	3.092.635
25.1	Profit/(Loss) from the Group		2.355.391	5.548.465	1.015.406	3.092.250
25.2	Profit/(Loss) from Minority Interest		14.591	671	14.146	385
	Earnings/(Loss) per share (in TL full)		0,181	0,723	0,079	0,320

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 SIX MONTH PERIOD ENDED 30 JUNE 2021**

(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-30 June 2021	Prior Period 1 January-30 June 2020
I.	CURRENT PERIOD PROFIT/LOSS	2.369.982	5.549.136
II.	OTHER COMPREHENSIVE INCOME	(4.212.822)	734.284
2.1	Not Reclassified Through Profit or Loss	(375.590)	107.653
2.1.1	Property and Equipment Revaluation Increase/Decrease	(52.725)	239.251
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Plan Remeasurement Gain/Loss	235.844	192.328
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(620.447)	(390.274)
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	61.738	66.348
2.2	Reclassified Through Profit or Loss	(3.837.232)	626.631
2.2.1	Foreign Currency Translation Differences	395.729	421.278
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(5.799.801)	262.643
2.2.3	Cash Flow Hedge Income/Expense	-	-
2.2.4	Foreign Net Investment Hedge Income/Expense	269.162	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	1.297.678	(57.290)
III.	TOTAL COMPREHENSIVE INCOME (I+II)	(1.842.840)	6.283.420

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 SIX MONTH PERIOD ENDED
30 JUNE 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						
I. Current Period 30 June 2021																
II. 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
III. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. 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
V. Total comprehensive income	-	-	-	-	(47.226)	188.675	(517.039)	395.729	(4.502.123)	269.162	-	-	2.355.391	(1.857.431)	14.591	(1.842.840)
VI. Capital increase by cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital increase by internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Convertible bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Subordinated debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Increase (decrease) by other changes	-	-	-	(3.031)	-	-	(901)	-	-	-	67.441	(68.064)	-	(4.555)	1.743.142	1.738.587
XII. Profit distribution	-	-	-	-	-	-	2.114.374	-	-	-	10.625.668	(12.740.042)	-	-	-	-
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	9.974.507	(9.974.507)	-	-	-	-
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	-	-	(20.776)	6.089.655	192.391	1.042.664	3.431.748	(3.662.758)	913.454	69.413.937	351.326	2.355.391	93.207.032	1.762.268	94.969.300

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

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

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

(*) The exemption amounts of the gains arising from the sale of immovables and affiliate shares amounting to TL 2.114.374 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 SIX MONTH PERIOD ENDED
30 JUNE 2020**

(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						
					I. Prior Period 30 June 2020											
II. Prior Period End Balance	6.100.000	-	-	(571)	3.830.302	(60.427)	419.209	2.748.990	(296.630)	-	52.325.076	9.158.560	-	74.224.509	2.993	74.227.502
III. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Adjusted Beginning Balance (I+II)	6.100.000	-	-	(571)	3.830.302	(60.427)	419.209	2.748.990	(296.630)	-	52.325.076	9.158.560	-	74.224.509	2.993	74.227.502
V. Total comprehensive income	-	-	-	-	215.326	153.862	(261.535)	421.278	205.385	-	-	5.548.465	-	6.282.781	639	6.283.420
VI. Capital increase by cash	7.000.000	-	-	-	-	-	-	-	-	-	-	-	-	7.000.000	-	7.000.000
VII. Capital increase by internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Convertible bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Subordinated debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Increase (decrease) by other changes	-	-	-	(197)	278.466	-	51	-	1.290	-	(702.249)	30.594	-	(392.045)	-	(392.045)
XII. Profit distribution	-	-	-	-	-	-	-	-	-	-	6.562.210	(6.635.104)	-	(72.894)	-	(72.894)
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(72.894)	-	(72.894)	-	(72.894)
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	6.412.027	(6.412.027)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	150.183	(150.183)	-	-	-	-
Balance at the end of the period (III+IV+.....+X+XI)	13.100.000	-	-	(768)	4.324.094	93.435	157.725	3.170.268	(89.955)	-	58.185.037	2.554.050	5.548.465	87.042.351	3.632	87.045.983

1. Increases and decreases in Tangible and Intangible Assets Revaluation Reserve
2. Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans
3. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Not Reclassified Through Profit or Loss
4. Exchange Differences on Translation
5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets at fair value through other comprehensive income
6. Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Reclassified Through Profit or Loss

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

**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 AS OF 30 JUNE 2021

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

VII. CONSOLIDATED STATEMENT OF CASH FLOWS		Note (Section Five)	Current Period 1 January-30 June 2021	Prior Period 1 January-30 June 2020
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		1.881.225	8.709.756
1.1.1	Interest Received		42.652.538	28.506.560
1.1.2	Interest Paid		(31.246.769)	(14.415.431)
1.1.3	Dividend Received		8.248	1.487
1.1.4	Fees and Commissions Received		3.733.490	3.091.782
1.1.5	Other Income		716.453	4.512.778
1.1.6	Collections from Previously Written-off Loans and Other Receivables		1.636.913	969.246
1.1.7	Cash Payments to Personnel and Service Suppliers		(3.114.136)	(3.010.360)
1.1.8	Taxes Paid		(1.850.302)	(1.433.313)
1.1.9	Other		(10.655.210)	(9.512.993)
1.2	Changes in Operating Assets and Liabilities		12.289.336	4.989.642
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		(4.168.708)	(8.194.824)
1.2.2	Net (Increase) / Decrease in due from banks and other financial institutions		(9.920.091)	5.859.885
1.2.3	Net (Increase) / Decrease in loans		(29.173.461)	(121.781.022)
1.2.4	Net (Increase) / Decrease in other assets		282.572	(5.820.197)
1.2.5	Net Increase / (Decrease) in bank deposits		4.968.616	(5.029.699)
1.2.6	Net Increase / (Decrease) in other deposits		37.906.921	134.089.573
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		1.924.328	(1.716.913)
1.2.9	Net Increase / (Decrease) in payables		-	-
1.2.10	Net Increase / (Decrease) in other liabilities		10.469.159	7.582.839
I.	Net Cash Provided from Banking Operations		14.170.561	13.699.398
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net Cash Provided from Investing Activities		(16.089.581)	(26.017.304)
2.1	Cash Paid for Acquisition of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)		(611.137)	(370.847)
2.2	Cash Obtained from Disposal of Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)		-	-
2.3	Purchases of Property and Equipment		(1.005.665)	(1.070.001)
2.4	Disposals of Property and Equipment		458.699	397.606
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(33.703.221)	(52.061.057)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income		16.354.313	32.382.220
2.7	Purchase of Financial Assets at Measured at Amortized Cost		(188.723)	(7.199.392)
2.8	Sale of Financial Assets at Measured at Amortized Cost		2.606.153	777.633
2.9	Other		-	1.126.534
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net Cash Provided from Financing Activities		112.141	6.510.717
3.1	Cash Obtained from Funds Borrowed and Securities Issued		10.535.877	3.664.660
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(10.243.118)	(4.025.659)
3.3	Issued Equity Instruments		-	7.000.000
3.4	Dividends Paid		-	-
3.5	Payments for finance leases		(180.618)	(128.284)
3.6	Other		-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		2.184.479	3.188.939
V.	Net Increase in Cash and Cash Equivalents (I+II+III+IV)		377.600	(2.618.250)
VI.	Cash and Cash Equivalents at the Beginning of the Period		43.002.234	32.051.095
VII.	Cash and Cash Equivalents at the End of the Period		43.379.834	29.432.845

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 FINANCIAL STATEMENTS AS OF
30 JUNE 2021**

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

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

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

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

The COVID-19 pandemic, which has recently 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 and it is still being taken. 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 June 30, 2021, 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.

**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
30 JUNE 2021**

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued)

As of 30 June 2021, 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 30 June 2021, the Parent Bank does not have any assets or liabilities in the fair value hierarchy that would require any adjustment.

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 30 June 2021, by taking into account the change in probability of default and loss given default.

In this context, the Parent 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 Parent Bank increased the weight of the adverse scenario in the expected credit loss calculation. In addition, the Parent Bank has analyzed its corporate, entrepreneurial and retail loan portfolios and the sector distributions in these portfolios, using expert opinion, provided provisions on model outputs for customer groups that are believed to be affected by the COVID-19 outbreak. In the following reporting periods, the impact of the pandemic will be reviewed, taking into account the changes in the credit portfolio and future expectations

Within the scope of the 4th and 5th articles of “Regulation on the Classification of Loans and the Procedures and Principles Regarding the Provisions to be Set Aside”; it is allowed that the 30-day-past-due period envisaged for the classification of loans in the second group would be applied as 90 days until 31 December 2020 for the loans classified under the first group and the 90-day-past-due period envisaged for the classification of loans as non-performing would be applied as 180 days until 31 December 2020 for the loans classified under the first and second groups according to the decisions of BRSA numbered 8948 dated 17 March 2020 and numbered 8970 dated 27 March 2020 due to the disruptions in economic and commercial activities resulting from the COVID-19 pandemic. Based on the BRSA's Decision No. 9624 dated 17 June 2021, these periods have been extended until 30 September 2021. The classification practices of our bank have been updated in accordance with BRSA decisions.

The Parent Bank continues its practices for restructuring the loans in line with the needs of its customers, in line with the Parent Bank's procedures and principles. In particular, individual customers are directed to make restructuring requests through the digital channels without physically arriving at the branches. Applications received from the digital channels are evaluated quickly and concluded.

Changes in Accounting Policies

With the regulations regarding the implementation of the Benchmark Interest Rate Reform, which brings amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from January 1, 2021, early implementation of the amendments is permitted. With the amendments made, certain exceptions are provided for the basis used in determining contractual cash flows and hedge accounting provisions. The process for the Benchmark Interest Rate Reform is expected to be completed as of December 31, 2021, and the Parent Bank's efforts to adapt to the changes and the assessment of its impact on the financial statements still have been proceeding.

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.

**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
30 JUNE 2021**

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

Main activity of the 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 denominated in Turkish Lira, 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 cheques payments and commitments for credit card limit 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 the Parent 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 Parent Bank’s period end counter currency buying rates and converted to Turkish currency and the resulting exchange differences are recognized as a “foreign exchange profit or loss”.

USD-denominated capital amounts and valuation differences sent to partnerships operating abroad are converted into Turkish currency at the exchange rate valid as of the valuation date and presented in the financial statements. For the exchange risk arising from foreign currency conversion of Ziraat Bank International AG, Ziraat Bank BH dd and Ziraat Bank Montenegro AD, the Parent Bank’s subsidiaries to which capital was paid in Euro amounts, Euro deposits are used for hedging purposes. Information on net investment hedge accounting applied in order to hedge the said total capital amount of EUR 268.075 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 interest in the consolidated balance sheet are presented separately from the liabilities and shares of the Group shareholders. In addition, minority interest are presented separately in the profit or loss statement interest.

In order to transfer of the shares representing 99,97% of Ziraat Sigorta A.Ş. and the shares representing 99,97% of Ziraat Hayat ve Emeklilik A.Ş. capital which belong to the Parent Bank to TVF Finansal Yatırımlar A.Ş., the share transfer agreement was signed on April 22, 2020 and the said share transfers were completed as of the same date. between as a buyer, TVF Finansal Yatırımlar A.Ş. and as a seller, the Parent Bank, Ziraat Katılım Bankası A.Ş., Ziraat Teknoloji A.Ş. and Ziraat Yatırım Menkul Değerler A.Ş.. Related subsidiaries were classified in the scope of consolidation in the previous period, the accounts related with held for sale in the assets and liabilities section of balance sheet, and under Income-Expense from Discontinued Operations line of the profit or loss statement. The related subsidiaries were excluded from the scope of consolidation with the sales transaction, and the figures of the income and expense items realized until the sales transaction date of the subsidiaries are shown in the Income-Expense from Discontinued Operations line of the consolidated profit or loss statement.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. INFORMATION ON CONSOLIDATED SUBSIDIARIES (Continued)

1. Consolidation Principles Applied (Continued)

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 Portfolio	99,60	99,60
Ziraat Portföy Yönetimi A.Ş.	İstanbul/Turkey	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	99,91
Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	Banking	99,58	99,58
Ziraat Bank Azerbaycan 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 (%)	Parent Bank's Risk Group Share Percentage (%)
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. Fair value differences are recognized in statement of profit or loss in gains / (losses) on derivative financial transactions under trading profit/loss.

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

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

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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 are recognized as gross carrying amount according to the effective interest rate method except for interest income from purchased or originated credit-impaired financial assets or financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. 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 consumer, corporate and entrepreneurial loans are transferred to income accounts according to periodicity principle using effective interest rate method on an accrual basis.

VII. EXPLANATIONS ON FINANCIAL ASSETS

Financial assets are recognized or derecognized according to 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 have the ability to expose, affect and diminish the liquidity, credit and interest rate risks in the financial statements.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

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.

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

Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets are classified as 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. The difference between the fair value of the financial statements at fair value through other comprehensive income and the amortized cost of the financial assets, i.e. "Unrealized gains and losses", is not recognized in the statement of profit or loss until the realization of the financial asset, the sale of the asset, the disposal of the asset or being impaired of the asset are accounted under "Other Accumulated Comprehensive Income or Expenses that will be reclassified at Profit or Loss" under shareholders' equity. Accumulated fair value differences under equity are reflected to the income statement when such securities are collected or disposed.

Equity Investments

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

Financial Assets at Measured at Amortized Cost

A financial asset is classified as a financial assets 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 amortised 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 Parent Bank include Consumer Price Index (CPI) indexed bonds. Mentioned securities are valued and accounted according to the effective interest rate method which is calculated according to the real coupon rate and the reference inflation index on the issue date. The actual coupon payment amounts of these securities, purchase and sale transactions and year-end valuations are calculated by using the index announced by the treasury. Index calculations related to CPI indexed bonds are made by the method specified in Ministry of Treasury and Finance’s CPI Indexed Bonds Investor Guide.

The Parent Bank also updates the estimated inflation rate used throughout the year in case of necessity. 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 250 million as of June 30, 2021, and a decrease of 1% will decrease it by TL 217 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 Parent Bank. Foreign exchange indexed loans are used as TL by the valid counter foreign exchange buying rate of the Parent Bank at usage date. Repayments of these loans are collected as calculated TL value by the valid counter foreign exchange selling rate of Bank at installment date.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Explanations on Expected Loss Provisions

The Parent Bank sets aside the expected loss provision for its loans and receivables by taking into consideration the “Regulation on the Classification of Loans and the Procedures and Principles Regarding the Provisions to be Set Aside” published in the Official Gazette dated 22 June 2016 and numbered 29750. In this context, the 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

Impairment

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

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

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

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

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

12 Month Expected Credit Losses (Stage 1)

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

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

Significant Increase in Credit Risk (Stage 2)

Financial assets are transferred to stage 2 if there is a significant increase in credit risk. While 1-year expected credit loss is calculated for the at stage 1, all remaining 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 Parent Bank's internal early warning system note. As explained in the third part, part 1, section 1, BRSA's decisions no 8948 dated 17 March 2020 and 8970 dated 27 March 2020, mainly due to the effects caused by the COVID-19 outbreak, the aforementioned delay days starting from 27 March 2020 applied as 90 days. Pursuant to the BRSA's decision dated 17 June 2021 and numbered 9624, the 90-day implementation period has been extended until 30 September 2021.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

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.

Group considers a debt as default on these two conditions;

- **Objective Default Definition:** It means debt having past due more than 90 days. This assumption can be disproved in the light of supportable information. As explained in the third part, part 1, section 1, the BRSA's decisions No. 8948 dated 17 March 2020 and No. 8970 dated 27 March 2020, mainly due to the effects caused by the COVID-19 outbreak, to be valid as of 17 March 2020 the default definition foreseen has been applying as 180 days. Pursuant to the BRSA's decision no 9624 dated 17 June 2021, the 180-day implementation period has been extended until 30 September 2021.
- **Subjective Default Definition:** It means it is considered that a debt is unlikely to be paid. Whenever it is considered that an obligor is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

Collective assessment of financial instruments is based on homogeneous group assets referring to portfolio segmentation including similar credit risk and product characteristics. This section provides an overview of the risk parameter estimation methods for the expected loss calculation approach on a common basis for each stage.

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

When cash flows are estimated, the following situations are considered:

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

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

Probability of Default (PD)

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

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

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

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 Parent 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 Parent Bank considers 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 analysing 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 on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans entered into force with its publication in the Official Gazette No.30961 on November 27, 2019. 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) 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. Within the scope of this amendment, no credit has been written-off by the Group as of the reporting date.

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Group has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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 Parent Bank, according to the purposes of holding and are subject to valuation according to the portfolio which are belong. Funds obtained in return for repo agreements are accounted in "Money Market 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 Market Receivables” on the balance sheet and interest income accruals for the period are calculated with the effective interest rate method.

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

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

The assets that meet the criteria of being classified under assets held for sale are measured at the lower of their book values or fair value less costs to be incurred for sale, and depreciation for these assets is ceased and these assets are presented separately in the balance sheet. In order for an asset to be classified as an asset held for sale, the related asset (or the asset group to be disposed) shall be ready to be sold immediately under usual conditions and should have a high possibility to be sold. In order to have a high probability of sales, a plan for the sale of the asset (or group of assets to be disposed of) must have been prepared by an appropriate management team and an active program has been initiated to identify buyers and complete the plan. Various events or circumstances may extend the completion time of the sale transaction beyond one year. Assets continue 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. is done.

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

A discontinued operation is a part of an entity which is classified as to be disposed or held for sale. The results related to discontinuing operations are presented separately in the profit or loss statement. The Parent Bank 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 2020: 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 evaluated 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 recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. As of 31 January 2014 the 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%

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XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT (Continued)

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.

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 Accordance with TFRS 16 Leases

The Group measures the lease liabilities based on the present value of the lease payments, which were not paid on the date the lease actually started, in accordance with TFRS 16. Lease payments are discounted using the Group's alternative borrowing interest 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 with 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 part of the lease liability, in financial statements as adjustments in right of 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XV. EXPLANATIONS ON LEASING TRANSACTIONS (Continued)

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. Group decreases carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that limit the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognized in profit or loss. A corresponding adjustment to the right-of-use asset is made for all other lease modifications.

The Group does not apply the standard provisions for leases shorter than 1 year in line with the exception of 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 so as 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 financial leasing are amortized with respect to the rates used for directly acquired assets that have similar nature. Assets held under financial leases are recognized under the tangible fixed assets account and are depreciated on annual and monthly basis with respect to their useful lives. Principal and installment paid for tangible fixed assets that are acquired under financial leasing are charged to liability account “Finance Lease Liabilities”, whereas interests are recognized in “Deferred Financial Leasing Expenses” account. At installment payments, principal and interest amount of installment amount are debited to “Financial Lease Liabilities” account, whereas interest is credited in “Deferred Financial Leasing Expenses” account and recorded to the “Other Interest Expenses”.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVI. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES (Continued)

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.

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 30 June 2021, retirement benefit obligation is TL 1.250.382 (31 December 2020: TL 1.256.959).

	Current Period	Prior Period
Discount Rate	17,81%	12,96%
Inflation	12,85%	9,37%

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 192.391 was classified under shareholders’ equity in the financials. (31 December 2020: TL 3.716 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.

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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)

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.

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.

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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)

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

Lastly, 51st article of Law No.6645 dated 23 April 2015, published on Official Gazette and the first paragraph of the transient 20th article of Law No.5510 related to the transfer of Bank and Insurance Funds to Social Security Institution; “Council of Ministers is the authority to determine the date of transfer of banks, insurance and reinsurance companies, boards of trade, chambers of industry and stock markets or the participants of funds established for their constitute union personnel and the ones that were endowed salary or income and their beneficiaries within the scope of transient 20th article of Law No.506. As from the transfer date, the participants are considered as insured within the scope of clause (a), first paragraph and 4th article of this Law. Based on the decision of the Council of Ministers dated 24 February 2014; May 2015 was determined as the transfer period. As a result of the last amendment made in the first paragraph of the provisional article 20 of the Law No. 5510 and the Occupational Health and Safety Law No. 6645 published in the Official Gazette dated 23 April 2015 and numbered 29335; The Council of Ministers has been authorized to determine the transfer date and the President has been authorized to determine the transfer date in the repeated Official Gazette numbered 30473 on 9 July 2018.

The technical balance sheet report as of 31 December 2020 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. (between 1 January 2018-31 December 2020 it was applied as 22% according to law No. 7061). The Corporate Tax rate, which is 20% 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 April 22, 2021, and the Provisional Article 13 added to the Corporate Tax Law, 25% for the corporate earnings for the period will be applied as 23% for 2022. In accordance with Article 14 of the Law, the rate to be applied for the year 2021 will start with the 2nd temporary tax declaration period for the corporations and will be valid for the corporate earnings for the taxation period starting from January 1, 2021.

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

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XVIII. EXPLANATIONS ON TAXATION (Continued)

Current Tax (Continued)

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

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

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

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

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

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

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

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.

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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 30 June 2021 are presented below:

Russia	20%
Kazakhstan	20%
Germany	15%
Bosnia Herzegovina	10%
Azerbaijan	20%
Montenegro	9%
Georgia	15%
Uzbekistan	20%

Deferred Tax

In accordance with TAS 12 “Turkish Accounting Standards Relating to Income Tax” and taking into account the additional regulation introduced by the Law No. 7316 of 22 April 2021, the Parent Bank calculates and recognizes deferred tax for temporary differences between the bases calculated based on the accounting policies used and valuation principles and that calculated under the tax legislation. In accordance with the relevant law, the Corporate Tax rate has been increased to 25% for the taxation period starting from 1 January 2021, starting with the declarations that must be submitted as of 1 July 2021, and this rate will be applied as 23% for the period of 2022. As of 31 December 2020, deferred tax is calculated over 20%.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. In the deferred tax calculation, the Parent Bank estimates the time when temporary differences will be taxable / deductible and uses the legal tax rates valid as of the balance sheet date in accordance with the current tax legislation. As deferred tax assets or liabilities within the scope of TAS 12 are calculated based on the tax rates (and tax laws) effective or almost certain to come into effect as of the end of the reporting period (balance sheet date), the Parent Bank has calculated the deferred tax rates varying between 20% and 25% over its assets and liabilities as of June 30, 2021. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated that it is highly probable to benefit from these differences by obtaining taxable profit in the future. Deferred tax liability or assets related to temporary timing differences that arise from the initial recognition of assets or liabilities other than goodwill or business combinations and that do not affect both commercial and financial profit or loss are not calculated.

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

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

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

According to December 8, 2004 BRSA.DZM.2/13/1-a-3 notice, there is no deferred tax assets on general provision and free provision. In addition to this, deferred tax asset calculation has started to be measured over temporary expected provision losses differences according to TFRS 9 articles, beginning from January 1, 2018. Deferred rate calculation for free provisions are 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 represents their fair values. FC cash equivalents and balances regarding banks are valued by the period end counter foreign currency buying rate of the Parent Bank.

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

XXIV. EXPLANATIONS ON SEGMENT REPORTING

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXV. EXPLANATIONS ON OTHER MATTERS

Profit Distribution of the Parent Bank

According to the Parent Bank's Ordinary General Assembly Meeting dated 26 March 2021; in accordance with Article 33 of the Parent Bank's Articles of Association regarding the determination, allocation and distribution of net profit for the period; has been set aside 5% (TL 391.251) of the remaining legal reserve from the net profit of TL 7.825.019,

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 18.462, to be transferred to a special fund account under equities to be monitored until the end of the fifth year following the sale to leave the remaining 7.415.306 TL within the Parent Bank,

Being monitored in the profit of previous years; within the scope of the transfer of Ziraat Sigorta A.Ş. and Ziraat Hayat ve Emeklilik A.Ş. to Türkiye Varlık Fonu Finansal Yatırımlar A.Ş. reported with the transfer of TL 2.495.459 to TL 1.980.523 the 5/1-e clause of the Corporate Tax Law no. 5520 to be included in a special fund account under equity to be monitored until the end of the fifth year following the year in which the sale was made, except for adding to the capital, since the provisions of the tax exemption of the participation share sales earnings have been utilized, reclassification of some stocks in the Parent Bank's portfolio with the remaining 514.936 TL 5% (38.545 TL) of legal reserves from the previous years' profit amounting to 770.897 TL, which is the total of 255.961 TL recorded as a result, and transferring the remaining 732.352 TL to extraordinary reserves

TL 115.389, 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 766.550, which arises from real estate valuation differences and is monitored in the profit of previous years as required by TAS-16 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 32.558) of the remaining TL 651.161 to be allocated as legal reserves, and the remaining TL 618.603 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 the regulations of BRSA numbered 9624 dated 17 June 2021. Based on recent regulations that will be valid until 30 September 2021;

- In calculating the amount subject to credit risk; Simple arithmetic average of the Central Bank foreign exchange buying rates for the last 252 business days before the calculation date can be used to calculate the valued amounts in foreign currency.
- The practice, regarding that if the net valuation differences of the securities held by the banks in the portfolio of “Securities at Fair Value Through Other Comprehensive Income” are negative these differences may not be taken into account in the equity amount, which is valid for the previous period, has been terminated.

As of 30 June 2021, the Parent Bank’s total regulatory capital has been calculated as TL 115.031.151 (31 December 2020: TL 114.356.330), capital adequacy ratio is 15,69% (31 December 2020: 17,25%). This ratio is well above the minimum ratio required by the legislation.

1. Information Related to The Components of Shareholders' Equity

	Current Period 30 June 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	69.413.937	-
Gains recognized in equity as per TAS	11.588.873	-
Profit	2.706.717	-
Current Period Profit	2.355.391	-
Prior Period Profit	351.326	-
Shares acquired free of charge from associates, subsidiaries and entities under common control and cannot be recognized within profit for the period	81.039	-
Minority Interest	692	-
Common Equity Tier 1 Capital Before Deductions	96.891.258	-
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	3.683.534	-
Improvement costs for operating leasing	48.280	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1.363.834	1.363.834
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 30 June 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	5,095.648	-
Total Common Equity Tier I Capital	91,795.610	-
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	15,130.572	-
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	15,130.572	-
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 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 deduct 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	15,130.572	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	106,926.182	-
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)	8,110.631	-
Tier II Capital Before Deductions	8,110.631	-
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	8,110.631	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	115,036.813	-

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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 30 June 2021	Amount as per the regulation before 01/01/2014*
Total Tier I Capital and Tier II Capital (Total Equity)	115.036.813	-
Deductions from Capital Loans granted contrary to the 50th and 51th 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 Purpose but Retained more than Five Years	-	-
Other items to be defined by the BRSA	5.662	-
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)	115.031.151	-
Total Risk Weighted Assets	733.010.741	-
CAPITAL ADEQUACY RATIOS		
Consolidated CET 1 Capital Ratio (%)	12,52	-
Consolidated Tier I Capital Ratio (%)	14,59	-
Consolidated Capital Adequacy Ratio (%)	15,69	-
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	4,56	-
a) Capital conservation buffer requirement (%)	2,50	-
b) Bank specific countercyclical buffer requirement (%)	0,06	-
c) Higher bank buffer requirement ratio (%) (**)	2,00	-
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	8,02	-
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	207.809	-
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	63.741	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	3.326.436	-
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)	11.835.465	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	8.110.631	-
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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I. EXPLANATIONS ON THE COMPONENTS OF CONSOLIDATED SHAREHOLDERS’ EQUITY (Continued)

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

	Prior Period 31 December 2020	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	58.720.828	-
Gains recognized in equity as per TAS	10.121.812	-
Profit	13.159.432	-
Current Period Profit	9.651.452	-
Prior Period Profit	3.507.980	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	17.388	-
Minority Interest	555	-
Common Equity Tier 1 Capital Before Deductions	95.120.015	-
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	50.442	-
Improvement costs for operating leasing	44.857	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1.214.133	1.214.133
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	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-

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

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

	Prior Period 31 December 2020	Amount as per the regulation before 01/01/2014*
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions from Common Equity Tier I Capital	1.309.432	-
Total Common Equity Tier I Capital	93.810.583	-
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	13.317.710	-
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	13.317.710	-
Total Tier I Capital and Tier II Capital (Total Equity)	-	-
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 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	13.317.710	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	107.128.293	-
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)	7.251.206	-
Tier II Capital Before Deductions	7.251.206	-
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	7.251.206	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	114.379.499	-

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

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

	Prior Period 31 December 2020	Amount as per the regulation before 01/01/2014*
Total Capital (The sum of Tier I Capital and Tier II Capital)	114.379.499	-
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 Purpose but Retained more than Five Years	-	-
Other items to be defined by the BRSA (-)	23.169	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	114.356.330	-
Total Risk Weighted Assets	663.051.749	-
CAPITAL ADEQUACY RATIOS		
Consolidated CET 1 Capital Ratio (%)	14,15	-
Consolidated Tier I Capital Ratio (%)	16,16	-
Consolidated Capital Adequacy Ratio (%)	17,25	-
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	4,56	-
a) Capital conservation buffer requirement (%)	2,50	-
b) Bank specific countercyclical buffer requirement (%)	0,059	-
c) Higher bank buffer requirement ratio (%)	2,00	-
Additional CET 1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	9,65	-
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	199.294	-
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	54.586	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	862.112	-
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)	10.396.404	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	7.251.206	-
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	-	-

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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.	Ziraat Katılım Bankası A.Ş.
Issuer	T.C Ziraat Bankası A.Ş.	Ziraat Katılım 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.	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	None
Eligible on unconsolidated and /or unconsolidated basis	Eligible on consolidated and unconsolidated	Eligible on consolidated and unconsolidated
Instrument type	Additional Capital Bond Issuance (Tier 1 Capital)	Additional Capital Credit (Tier 1 Capital)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	14.330	801
Nominal value of instrument (TL million)	14.330	801
Accounting classification of the instrument	347001-Subordinated Debts Instruments	347000- Subordinated Loans
Original date of issuance	24 April 2019	24 April 2019
Maturity structure of the instrument (perpetual/dated)	Perpetual	Perpetual
Issue date of the instrument	24 April 2019	24 April 2019
Issuer call subject to prior supervisory (BRSA) approval	Yes	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.	Option date is 5 years, (subject to BRSA permission)
Subsequent call dates, if applicable	24.04.2024	-
Interest/dividend payment		
Fixed or floating coupon/dividend payments	Fixed	None
Coupon rate and any related index	First 5 years fixed 5,076%, next 5 years MS + 5,031% fixed	None
Existence of any dividend payment restriction	None	None
Fully discretionary, partially discretionary or mandatory	Fully discretionary	None
Existence of step up or other incentive to redeem	None	None
Noncumulative or cumulative	Noncumulative	None

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

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

2. Items Included in Capital Calculation (Continued)

<i>Convertible into equity shares</i>		
If convertible, conversion trigger (s)	None	None
If convertible, fully or partially	None	None
If convertible, conversion rate	None	None
If convertible, mandatory or optional conversion	None	None
If convertible, type of instrument convertible into	None	None
If convertible, issuer of instrument to be converted into	None	None
<i>Write-down feature</i>		
If bonds can be written-down, write-down trigger(s)	Yes. Article 7 of the Regulation on Bank Capital	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	Has full or partial write down feature
If bond can be written-down, permanent or temporary	Has permanent or temporary write down feature	Has temporary write down feature.
If temporary write-down, description of write-up mechanism.	Has-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)	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors	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.	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.	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.

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	94.969.300	95.073.553
Operational Leasing Development Costs	(48.280)	(44.857)
Goodwill and Other Intangible Assets and Related Deferred Taxes Liabilities	(1.363.834)	(1.214.133)
TIER 2 Capital (Provisions)	8.110.631	7.251.206
Debt Instruments and the Related Issuance Premiums Defined by the BRSA TIER 2 Capital (Provisions)	15.130.572	13.317.710
Other deductions from common equity	(5.662)	(23.169)
Minority interest	(1.761.576)	(3.980)
Amount recognized in regulatory capital	115.031.151	114.356.330

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

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 Directors

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

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

None.

3. Management Policy for Foreign Currency Risk

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 currency risk and within the scope of legal reporting, Foreign Currency Net General Position / Equity ratio and Foreign Currency Liquidity Position are regularly monitored. The Parent Bank manages the Turkish Lira or foreign currency risks that may occur in the domestic and international markets and follows the transactions that create these risks, and manages these risks at optimum levels within the framework of market expectations and within the scope of its strategies by considering the balances with other financial risks. Foreign currency net general position / equity standard ratio calculated on a consolidated basis is within the limits. Sensitivity analysis regarding the currency risk that the Group is exposed to is explained in Note 6.

4. Current Foreign Exchange Bid Rates of The 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
23.06.2021	8,5551	10,2233	6,4882	1,3751	1,0099	9,3355	6,9633	1,0064	11,9489	2,2814	7,7200
24.06.2021	8,6167	10,2754	6,5246	1,382	1,0173	9,3772	6,9856	1,0115	11,9712	2,2977	7,7700
25.06.2021	8,6526	10,3433	6,5777	1,3911	1,0223	9,4461	7,0461	1,0216	12,0349	2,3074	7,8100
28.06.2021	8,6098	10,2741	6,5228	1,382	1,013	9,3727	6,989	1,0103	11,9702	2,2958	7,7800
29.06.2021	8,6464	10,2858	6,4987	1,3836	1,014	9,386	6,9819	1,0101	11,9606	2,3055	7,8300
30.06.2021	8,6222	10,2354	6,477	1,3760	1,01	9,3334	6,9725	1,0033	11,9236	2,2991	7,7800

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
8,5330	10,2736	6,5177	1,3818	1,0155	9,3972	6,9831	1,0122	11,9615	2,2754	7,7500

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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

Current Period	EUR	USD	Other FC	Total
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	39.806.126	36.885.851	20.641.120	97.333.097
Banks ⁽⁸⁾	3.157.004	3.649.708	2.008.589	8.815.301
Financial Assets at Fair Value Through Profit and Loss ⁽¹⁾	-	705.363	18.043.629	18.748.992
Money Markets Receivables	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	10.462.081	97.148.671	225.548	107.836.300
Loans ^{(2) (7)}	90.861.918	106.304.602	6.340.413	203.506.933
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures)	-	220.926	20.104	241.030
Financial Assets Measured at Amortised Cost	16.755.337	4.266.739	177.921	21.199.997
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Assets	40.959	3.208	435.495	479.662
Intangible Assets	31.309	4.403	37.279	72.991
Other Assets ⁽⁴⁾	629.111	1.562.589	277.136	2.468.836
Total Assets ⁽⁵⁾	161.743.845	250.752.060	48.207.234	460.703.139
Liabilities				
Interbank Deposits	16.330.623	2.179.079	979.062	19.488.764
Foreign Currency Deposits	179.276.099	149.185.365	62.050.023	390.511.487
Money Market Borrowings	-	32.485.556	-	32.485.556
Funds Provided from Other Financial Institutions	14.511.587	28.942.429	811.614	44.265.630
Issued Marketable Securities ⁽⁶⁾	14.460.389	16.908.754	465.802	31.834.945
Miscellaneous Payables	767.566	281.810	89.559	1.138.935
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities ⁽⁶⁾	1.980.670	3.576.152	245.499	5.802.321
Total Liabilities	227.326.934	233.559.145	64.641.559	525.527.638
Net Balance Sheet Position	(65.583.089)	17.192.915	(16.434.325)	(64.824.499)
Net Off-Balance Sheet Position ⁽³⁾	65.656.319	(24.858.657)	23.260.493	64.058.155
Financial Derivative Assets	76.257.781	87.520.855	24.766.488	188.545.124
Financial Derivative Liabilities	10.601.462	112.379.512	1.505.995	124.486.969
Non-Cash Loans	54.289.708	69.176.619	10.758.831	134.225.158
Prior Period				
Total Assets	137.052.937	219.153.377	40.345.214	396.551.528
Total Liabilities	194.188.510	204.513.430	58.763.457	457.465.397
Net Balance Sheet Position	(57.135.573)	14.639.947	(18.418.243)	(60.913.869)
Net Off-Balance Sheet Position ⁽³⁾	57.329.355	(24.817.036)	25.674.893	58.187.212
Financial Derivative Assets	66.178.121	80.849.019	26.896.712	173.923.852
Financial Derivative Liabilities	8.848.766	105.666.055	1.221.819	115.736.640
Non-Cash Loans	47.061.577	53.914.659	8.759.577	109.735.813

(1) TL 16.516 equivalent to Financial Assets at Fair Value through Profit and Loss Other FC balance arises from gold indexed bonds. (31 December 2020: TL 13.734.743 equivalent to Other FC balance arises from gold indexed bonds).

(2) TL 120.948 equivalent of USD and TL 151.963 equivalent of EUR loans are originated as foreign currency indexed loans (31 December 2020: TL 129.364 equivalent of USD and TL 225.427 equivalent of EUR).

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

(4) Prepaid expenses in other assets amounting to TL 48.537 are not included.

(5) Expected loss provisions for financial assets and other assets are reflected in 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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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 six-month period ended 30 June 2021 and 30 June 2020 is shown in the table below.

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

	Current Period - 30 June 2021		Prior Period - 30 June 2020	
	Profit/Loss Statement	Equity (*)	Profit/Loss Statement	Equity (*)
USD	(311.925)	(442.112)	(2.309.095)	(2.425.003)
EUR	(127.696)	(369.232)	(99.774)	(279.538)
Other currencies	150.893	150.893	134.396	134.396
Total (Net) (**)	(288.728)	(660.451)	(2.274.473)	(2.570.145)

(*) 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 the six-month period ended 30 June 2021 and 30 June 2020 is shown in the table below:

	Current Period - 30 June 2021		Prior Period - 30 June 2020	
	Profit/Loss Statement	Equity (*)	Profit/Loss Statement	Equity (*)
USD	311.925	442.112	2.309.095	2.425.003
EUR	127.696	369.232	99.774	279.538
Other currencies	(150.893)	(150.893)	(134.396)	(134.396)
Total (Net) (**)	288.728	660.451	2.274.473	2.570.145

(*) 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	12.309.502	-	-	-	-	95.367.921	107.677.423
Banks ⁽⁸⁾	3.104.434	85.831	229.127	212.133	-	5.529.278	9.160.803
Financial Assets at Fair Value Through Profit and Loss	1.959.573	1.566.935	7.021.227	7.661.530	19.746	1.750.393	19.979.404
Money Markets Receivables	642.423	-	-	-	-	-	642.423
Financial Assets at Fair Value Through Other Comprehensive Income	39.469.585	16.425.135	34.381.539	77.273.303	46.214.758	560.163	214.324.483
Loans Given ⁽⁵⁾⁽⁷⁾	161.827.030	58.110.401	172.125.499	231.547.225	70.511.807	5.079.243	699.201.205
Financial Assets Measured at Amortised Cost	172.828	103.569	8.314.726	18.559.405	4.380.265	-	31.530.793
Other Assets ⁽²⁾	539.531	898.131	769.090	370.406	587.441	35.046.853	38.211.452
Total Assets ⁽¹⁾⁽⁵⁾	220.024.906	77.190.002	222.841.208	335.624.002	121.714.017	143.333.851	1.120.727.986
Liabilities							
Interbank Deposits	26.572.960	8.236.979	5.897.116	634	-	5.433.000	46.140.689
Other Deposits	307.761.220	121.890.927	50.929.904	6.369.439	617.793	239.603.404	727.172.687
Money Markets Borrowings	107.959.389	10.950.557	4.431.052	2.813.559	-	-	126.154.557
Miscellaneous Payables	-	-	-	-	-	13.567.353	13.567.353
Issued Marketable Securities ⁽⁶⁾	1.148.508	2.150.257	6.166.821	26.511.732	-	-	35.977.318
Funds Provided from Other Financial Institutions	4.522.163	10.297.870	21.680.992	7.663.421	563.020	-	44.727.466
Other Liabilities ⁽⁴⁾⁽⁶⁾	1.726.630	815.687	1.262.290	2.408.949	5.347.298	115.427.062	126.987.916
Total Liabilities ⁽¹⁾	449.690.870	154.342.277	90.368.175	45.767.734	6.528.111	374.030.819	1.120.727.986
Balance Sheet Long Position	-	-	132.473.033	289.856.268	115.185.906	-	537.515.207
Balance Sheet Short Position	(229.665.964)	(77.152.275)	-	-	-	(230.696.968)	(537.515.207)
Off-Balance Sheet Long Position	272.856	216.306	149.873	1.146.382	-	-	1.785.417
Off-Balance Sheet Short Position	(1.003.432)	-	52.404	1.165.884	(1.015.345)	-	(800.489)
Total Position	(230.396.540)	(76.935.969)	132.675.310	292.168.534	114.170.561	(230.696.968)	984.928

- (1) Balances without fixed maturity are shown in the “Non-Interest Bearing” columns.
(2) Deferred tax asset and liability are 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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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	10.663.989	-	-	-	-	84.275.914	94.939.903
Banks	2.545.908	160.322	330.510	11.640	-	6.374.979	9.423.359
Financial Assets at Fair Value Through Profit and Loss	253.906	4.487.102	7.265.682	2.785.237	17.280	544.909	15.354.116
Money Markets Receivables	603.736	-	-	-	-	-	603.736
Financial Assets at Fair Value Through Other Comprehensive Income	26.336.732	16.862.958	39.096.787	61.982.137	42.555.478	406.232	187.240.324
Loans Given ⁽³⁾⁽⁷⁾	124.751.285	75.525.451	131.837.989	240.244.974	64.503.611	4.770.153	641.633.463
Financial Assets Measured at Amortised Cost	2.778.964	61.323	7.787.481	16.078.725	3.908.653	-	30.615.146
Other Assets ⁽²⁾	826.462	2.162.783	964.216	138.986	1.135.581	33.494.846	38.722.874
Total Assets ⁽¹⁾⁽⁵⁾	168.760.982	99.259.939	187.282.665	321.241.699	112.120.603	129.867.033	1.018.532.921
Liabilities							
Interbank Deposits	21.551.648	5.392.665	5.492.551	914.859	-	6.096.456	39.448.179
Other Deposits	285.316.807	99.345.949	55.720.758	6.508.650	539.054	207.958.843	655.390.061
Money Markets Borrowings	111.215.295	5.135.012	849.452	1.302.783	-	-	118.502.542
Miscellaneous Payables	4.225	-	-	-	-	13.578.047	13.582.272
Issued Marketable Securities ⁽⁶⁾	864.135	2.606.819	4.799.651	23.151.207	-	-	31.421.812
Funds Provided from Other Financial Institutions	1.956.700	14.054.359	14.459.435	6.107.111	564.448	26.498	37.168.551
Other Liabilities ⁽⁴⁾⁽⁶⁾	1.838.258	683.454	924.477	1.905.131	5.779.625	111.888.559	123.019.504
Total Liabilities ⁽¹⁾	422.747.068	127.218.258	82.246.324	39.889.741	6.883.127	339.548.403	1.018.532.921
Balance Sheet Long Position	-	-	105.036.341	281.351.958	105.237.476	-	491.625.775
Balance Sheet Short Position	(253.986.086)	(27.958.319)	-	-	-	(209.681.370)	(491.625.775)
Off-Balance Sheet Long Position	3.460.446	3.574.705	516.189	-	-	-	7.551.340
Off-Balance Sheet Short Position	2.646.418	1.080.313	382.179	-	(1.015.345)	255.299	3.348.864
Total Position	(247.879.222)	(23.303.301)	105.934.709	281.351.958	104.222.131	(209.426.071)	10.900.204

- (1) Balances without fixed maturity are shown in the “Non-Interest Bearing” columns.
(2) Deferred tax asset and liability are 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.

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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⁾	-	-	-	13,50
Banks	4,00	-	-	20,94
Financial Assets at Fair Value Through Profit or Loss	-	5,36	-	13,13
Money Markets Receivables	-	-	-	18,14
Financial Assets at Fair Value Through Other Comprehensive Income	3,26	4,76	-	12,86
Loans Given ⁽²⁾	4,78	5,76	6,00	12,43
Financial Assets Measured at Amortised Cost	4,82	7,47	-	11,76
Liabilities				
Interbank Deposits	0,22	0,05	-	19,04
Other Deposits	0,44	1,49	-	16,42
Money Market Borrowings	-	2,11	-	19,15
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities ⁽³⁾	5,08	5,04	-	16,99
Funds Provided from Other Financial Institutions	1,71	2,36	-	13,79

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

⁽²⁾ Credit card loans 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⁾	-	-	-	12,00
Banks	1,79	-	-	18,02
Financial Assets at Fair Value Through Profit or Loss	-	5,36	-	11,88
Money Markets Receivables	-	-	-	15,89
Financial Assets at Fair Value Through Other Comprehensive Income	2,86	4,76	-	11,17
Loans Given ⁽²⁾	4,70	5,93	5,95	11,03
Financial Assets Measured at Amortised Cost	4,87	7,47	-	15,86
Liabilities				
Interbank Deposits	0,20	0,26	-	17,94
Other Deposits	0,56	1,91	-	13,73
Money Market Borrowings	-	2,34	-	17,25
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities	5,08	4,87	-	16,99
Funds Provided from Other Financial Institutions	1,61	2,57	-	14,90

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

⁽²⁾ Credit card loans 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 shares

Investments in Equity Instruments- Current Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	-	-	-
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	-	-	-
Traded on Stock Exchange	-	-	-
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other ^(*)	313.658	313.658	-

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

Investments in Equity Instruments- Prior Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	-	-	-
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	-	-	-
Traded on Stock Exchange	-	-	-
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other ^(*)	289.106	289.106	-

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

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

The investments in equity instruments, partaking in banking accounts according to the credit risk standard method, are amounted TL 313.658 and 100% of them are risk weighted (31 December 2020: are amounted TL 289.106 and 100% of them are risk weighted).

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

IV. EXPLANATIONS ON THE POSITION RISK OF CONSOLIDATED EQUITY INSTRUMENTS (Continued)

1. Equity Instruments Position Risk Derived from Banking Books (Continued)

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	-	55.031	55.031	-	-	-
4. Total	-	55.031	55.031	-	-	-

V. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO

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

The Parent Bank performs remaining maturity analysis for the observation of the maturity structure of the balance sheet, liquidity gap and structural liquidity gap analysis” for the monitoring of the liquidity and between periods and Liquidity Stress Test for the evaluation of the Parent Bank’s liquidity and in the worst case. The renewal of deposits which constitutes the Parent Bank’s most crucial funding resource is monitored on daily basis. Besides, in order to compare the Parent Bank’s level of liquidity risk with the sector, average remaining maturity balances of Bank-sector maturity structure and legal liquidity rates are monitored.

In line with the "Economic Stability Shield" measures taken to reduce the effects of the COVID-19 pandemic on the economy, within the scope of the advantages offered by the Parent Bank to all segments of the society, the effect of the returns / delays on existing loans and the effect of potential new loans on existing and future cash flows and alternatives to these. Considering the resource planning, necessary evaluations have been made, and follow-up will be provided in the next period.

The Parent Bank maintains its liquidity buffer at high levels, taking into account the periods when liquidity risk may increase. Thanks to this approach, it is seen that the effect of the mobility experienced in the markets as a result of the negativity caused by the COVID-19 pandemic on the Parent Bank's liquidity needs is minimal.

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

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

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 share issues of points related liquidity risk management with bank network are explained in “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 Parent 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 partners of Bank

Continuously the information exchange is actualized about the liquidity need and surpluses between the Parent Bank and its partners, the compulsory directions and treats are moderated by Financial Management Assistant General Management to direct liquidity risk and surpluses in effective way.

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

The Parent Bank’s main funding resources are deposits, where the strategy of preserving the common base structure of deposits is sustained. Moreover, within the diversification strategy of resources strategy, long-term and appropriate costed non-deposit is aimed to be raised. In the non-deposit resources; repurchase agreements, post finance, syndication credits, credits assured by international financial institutions, securities issuances, capital market transactions and bilateral loan agreements are placed.

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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**V. EXPLANATIONS ON 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. Besides, in order to increase the diversification of funds and decrease the maturity gap between assets and liabilities, liabilities other than deposits such as bond/bill issuance, repo and funds borrowed are emphasised.

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

Explanation regarding the usage of the stress test

In the presence of unexpected negative circumstances, stress tests being done in order to test the endurance of the Parent Bank. These actions have been shared with key management of the Parent 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 followed 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 from Board of Directors and within the frame of “Regulation on Risk Management, Stress Test Program and ICAAP Regulations”.

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

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

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 cover rate and transmits consolidated on weekly and consolidated on monthly basis to the BRSA. Within the last 3 months the consolidated lowest ratios are as follows: April FC 427,14, TL + FC 136,38; May FC 545,86, TL + FC 150,16; June was realized as FC 570,06, TL + FC 155,67 (31 December 2020: October FC 404,26, TL+FC 140,37; November FC 382,18, TL+FC 128,7; December FC 469,91, TL+FC 137,83).

Current Period	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			194.399.796	121.416.233
Cash Outflows				
Retail and Small Business Customers, of which;	491.892.987	271.045.291	42.922.132	27.101.876
Stable deposits	125.343.340	53.065	6.267.167	2.653
Less stable deposits	366.549.647	270.992.226	36.654.965	27.099.223
Unsecured wholesale funding, of which;	221.001.517	95.907.669	103.843.800	48.366.017
Operational deposit	18.650.182	2.050.273	4.650.514	500.537
Non-operational deposits	172.144.421	80.669.895	76.463.056	34.951.049
Other unsecured funding	30.206.914	13.187.501	22.730.230	12.914.431
Secured funding				
Other cash outflows, of which;	112.830.503	19.912.600	14.382.129	10.801.094
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	5.288.151	7.132.683	5.288.151	7.132.683
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	107.542.352	12.779.917	9.093.978	3.668.411
Other revocable off-balance sheet commitments and contractual obligations	10.229.687	10.229.684	511.484	511.484
Other irrevocable or conditionally revocable off-balance sheet obligations	76.468.423	51.502.782	4.311.119	2.575.139
Total Cash Outflows			165.970.664	89.355.610
Cash Inflows				
Secured lending	-	-	-	-
Unsecured lending	50.530.143	25.071.916	31.101.273	17.347.868
Other cash inflows	2.763.368	51.530.410	2.738.039	51.505.081
Total Cash Inflows	53.293.511	76.602.326	33.839.312	68.852.949
			Upper Limit Applied Amounts	
TOTAL HQLA STOCK			194.399.796	121.416.233
TOTAL NET CASH OUTFLOWS			132.131.352	22.338.903
LIQUIDITY COVERAGE RATIO (%)			147,13	543,52

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

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V. EXPLANATIONS ON 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
Prior Period				
High Quality Liquid Assets				
High Quality Liquid Assets			188.259.913	102.705.164
Cash Outflows				
Retail and Small Business Customers, of which;	450.212.905	254.036.348	39.319.152	25.402.159
Stable deposits	114.042.765	29.514	5.702.138	1.476
Less stable deposits	336.170.140	254.006.834	33.617.014	25.400.683
Unsecured wholesale funding, of which;	243.764.352	90.509.605	115.252.460	44.137.448
Operational deposit	16.366.823	1.739.643	4.082.760	425.965
Non-operational deposits	200.570.849	79.628.315	91.107.616	34.705.377
Other unsecured funding	26.826.680	9.141.647	20.062.084	9.006.106
Secured funding			-	-
Other cash outflows, of which;	92.427.127	14.182.251	12.549.130	6.600.246
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	4.913.927	3.444.867	4.913.927	3.444.867
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	87.513.200	10.737.384	7.635.203	3.155.379
Other revocable off-balance sheet commitments and contractual obligations	8.300.305	8.300.305	415.015	415.015
Other irrevocable or conditionally revocable off-balance sheet obligations	66.179.789	43.406.259	3.781.763	2.170.314
Total Cash Outflows			171.317.520	78.725.182
Cash Inflows				
Secured lending	-	-	-	-
Unsecured lending	46.363.070	21.372.648	30.470.866	16.836.319
Other cash inflows	1.781.988	39.029.760	1.771.158	39.018.930
Total Cash Inflows	48.145.058	60.402.408	32.242.024	55.855.249
			Upper Limit Applied Amounts	
Total HQLA Stock			188.259.913	102.705.164
Total Net Cash Outflows			139.075.496	22.869.933
Liquidity Coverage Ratio (%)			135,37	449,08

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

3. Explanations on Liquidity Coverage Ratio

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

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

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

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.

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

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

3. Explanations on Liquidity Coverage Ratio (Continued)

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 from the portfolio (the important part of bonds and T-bills issued by Ministry of Treasury and Finance and other bonds).

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

The major part of 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 the 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 the Parent Bank’s Senior Management. These limits are followed in specific 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 based on the Parent 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 Parent 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 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	35.946.940	71.653.686	-	-	-	-	76.797	107.677.423
Banks ⁽⁵⁾	5.529.278	3.104.434	85.831	229.127	212.133	-	-	9.160.803
Financial Assets at Fair Value Through Profit and Loss	-	1.959.573	1.566.935	7.021.227	7.661.530	19.746	1.750.393	19.979.404
Money Markets Receivables	-	642.423	-	-	-	-	-	642.423
Financial Assets at Fair Value Through Other Comprehensive Income	-	9.479.869	4.401.027	14.664.294	118.184.214	67.301.584	293.495	214.324.483
Loans Given ⁽⁴⁾	-	30.206.234	52.066.646	222.089.452	276.144.528	113.615.102	5.079.243	699.201.205
Investments Held-to-Maturity	-	172.829	103.569	70.606	18.559.404	12.624.385	-	31.530.793
Other Assets	11.570.316	539.532	674.794	992.427	370.406	587.441	23.476.536	38.211.452
Total Assets⁽²⁾	53.046.534	117.758.580	58.898.802	245.067.133	421.132.215	194.148.258	30.676.464	1.120.727.986
Liabilities								
Interbank Deposits	5.432.999	26.572.960	8.236.979	5.897.115	636	-	-	46.140.689
Other Deposits	239.603.404	307.350.614	124.267.658	49.135.552	4.920.297	1.895.162	-	727.172.687
Funds Provided from Other Financial Institutions	440	1.184.885	2.985.200	18.039.174	18.286.630	4.231.137	-	44.727.466
Money Market Borrowings	-	107.959.389	10.950.557	4.431.052	2.813.559	-	-	126.154.557
Issued Marketable Securities ⁽³⁾	-	1.148.508	2.150.257	6.166.821	26.511.732	-	-	35.977.318
Miscellaneous Payables	2.035.273	11.027.083	-	-	-	-	504.997	13.567.353
Other Liabilities ⁽⁵⁾	18.888.538	2.507.440	1.925.646	1.278.358	2.408.949	9.822.166	90.156.819	126.987.916
Total Liabilities	265.960.654	457.750.879	150.516.297	84.948.072	54.941.803	15.948.465	90.661.816	1.120.727.986
Liquidity Gap	(212.914.120)	(339.992.299)	(91.617.495)	160.119.061	366.190.412	178.199.793	(59.985.352)	-
Net Off-Balance Sheet Position	-	(1.485.405)	(1.100.030)	(90.075)	(19.502)	493.544	-	(2.201.468)
Financial Derivative Assets	-	99.018.734	56.911.350	7.577.050	1.162.005	1.508.886	-	166.178.025
Financial Derivative Liabilities	-	100.504.139	58.011.380	7.667.125	1.181.507	1.015.342	-	168.379.493
Non-cash Loans	55.826.709	10.062.198	14.802.516	68.164.768	33.714.228	5.558.957	-	188.129.376
Prior Period								
Total Assets	53.515.349	94.960.467	68.901.398	208.533.644	393.675.838	172.657.866	26.288.359	1.018.532.921
Total Liabilities	232.885.329	431.292.326	118.576.521	82.037.452	46.971.389	11.625.253	95.144.651	1.018.532.921
Liquidity Gap	(179.369.980)	(336.331.859)	(49.675.123)	126.496.192	346.704.449	161.032.613	(68.856.292)	-
Net Off-Balance Sheet Position	-	(928.056)	1.392.453	104.102	-	269.733	-	838.232
Financial Derivative Assets	-	112.691.820	32.919.251	8.157.398	1.972	1.285.078	-	155.055.519
Financial Derivative Liabilities	-	113.619.876	31.526.798	8.053.296	1.972	1.015.345	-	154.217.287
Non-cash Loans	48.553.453	5.871.734	14.137.642	47.245.602	37.445.134	6.267.013	533.425	160.054.003

(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 receivables from leasing transactions.

(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

1. Explanations on Issues that Cause Differences Between Leverage Ratios

The Group’s consolidated leverage calculated by force of the regulation “Regulation on Measurement and Assessment of Leverage Ratios of Banks” is 7,42% (31 December 2020: 8,00%). The decrease on leverage results occur from the increase in the risk amount. The regulation sentenced the minimum leverage as 3%.

Balance sheet assets	Current Period ^(*)	Prior Period ^(*)
On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	1.105.712.003	1.019.008.924
(Assets deducted in determining Tier 1 capital)	(5.698.836)	(3.484.580)
Total on-balance sheet risks (sum of lines 1 and 2)	1.100.013.167	1.015.524.344
Derivative financial instruments and credit derivatives		
Replacement cost associated with all derivative financial instruments and credit Derivativeness	3.270.357	6.447.370
Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	2.080.726	1.973.199
Total risks of derivative financial instruments and credit derivatives	5.351.083	8.420.569
Securities or commodity financing transactions (SCFT)		
Risks from SCFT assets	14.344.330	15.489.064
Risks from brokerage activities related exposures	-	-
Total risks related with securities or commodity financing transactions	14.344.330	15.489.064
Other off-balance sheet transactions		
Gross notional amounts of off-balance sheet transactions	311.868.040	257.863.235
(Adjustments for conversion to credit equivalent amounts)	(9.183.050)	(7.445.068)
Total risks of off-balance sheet items	302.684.990	250.418.167
Capital and total risks		
Tier 1 capital	105.532.242	103.142.384
Total risks	1.422.393.570	1.289.852.144
Leverage ratio		
Leverage ratio (%)	7,42	8,00

^(*) Three-month average of the amounts in the table are considered.

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 ^(**)	1.120.920.416	1.019.093.587
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”	192.430	560.666
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	375.827.906	343.739.300
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	90.920.792	46.521.925
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	9.183.050	7.445.068
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	(101.994.764)	(55.563.620)
Total Risk Amount	1.422.393.570	1.289.852.144

^(*) 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 30 June 2021 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

1.1 The Parent Bank's Risk Management Approach

Overview of Risk Weighted Amounts

		Risk Weighted Amount		Minimum capital Requirement
		Current Period	Prior Period	Current Period
1	Credit Risk (excluding counterparty credit risk)	638.852.803	567.727.732	51.108.224
2	Standardised approach	638.852.803	567.727.732	51.108.224
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	8.753.978	10.299.316	700.318
5	Standardised approach for counterparty credit risk	8.753.978	10.299.316	700.318
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	1.243.663	2.069.435	99.493
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	32.875.714	39.814.620	2.630.057
17	Standardised approach	32.875.714	39.814.620	2.630.057
18	Internal model approaches	-	-	-
19	Operational risk	51.284.583	43.140.646	4.102.767
20	Basic Indicator approach	51.284.583	43.140.646	4.102.767
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)	733.010.741	663.051.749	58.640.859

2. Explanations on Credit Risk

Credit Quality of Assets

Current Period	Estimated gross amount in accordance with TAS in the Unconsolidated financial statements prepared according to legal consolidation		Provisions / Depreciation and impairment	Net value
	Defaulted	Non-defaulted		
Credits ^(*)	17.982.653	704.605.185	23.386.633	699.201.205
Debt instruments	-	205.180.589	4.127.643	201.052.946
Off-balance sheet receivables	714.934	305.308.386	2.046.251	303.977.069
Total	18.697.587	1.215.094.160	29.560.527	1.204.231.220

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VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2. Explanations on Credit Risk (Continued)

Credit Quality of Assets

Prior Period	Estimated gross amount in accordance with TAS in the Unconsolidated financial statements prepared according to legal consolidation		Provisions / Depreciation and impairment	Net value
	Defaulted	Non-defaulted		
Credits ^(*)	16.681.214	645.974.937	21.022.688	641.633.463
Debt instruments	-	155.101.630	1.073.083	154.028.547
Off-balance sheet receivables	717.071	259.198.864	1.927.597	257.988.338
Total	17.398.285	1.060.275.431	24.023.368	1.053.650.348

(*) It also includes receivables from lease transactions.

Changes in default receivables and debt instruments inventory

	Current Period
1 The amount of defaulted loans and borrowing instruments at the end of the previous reporting period	16.681.214
2 Credits and borrowing instruments that defaulted since the last reporting period	3.352.096
3 Receivables that have not re-defaulted	413.744
4 Amounts write-off from assets	
5 Other changes	(1.636.913)
6 The amount of defaulted loans and borrowing instruments at the end of the reporting period (1 + 2-3-4 ± 5)	17.982.653

	Prior Period
1 The amount of defaulted loans and borrowing instruments at the end of the previous reporting period	14.531.430
2 Credits and borrowing instruments that defaulted since the last reporting period	5.507.939
3 Receivables that have not re-defaulted	582.016
4 Amounts write-off from assets	-
5 Other changes	(2.776.139)
6 The amount of defaulted loans and borrowing instruments at the end of the reporting period (1 + 2-3-4 ± 5)	16.681.214

Credit risk mitigation techniques - Overview

Current Period	Unsecured receivables: TAS probable valued amount	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Loans protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Credits ^(*)	534.903.358	146.947.230	60.125.640	140.520.871	57.100.430	-	-
Debt instruments	189.029.784	-	-	-	-	-	-
Total	723.933.142	146.947.230	60.125.640	140.520.871	57.100.430	-	-
Defaulted	16.836.213	894.619	254.872	886.803	254.214	-	-

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VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2. Explanations on Credit Risk (Continued)

Credit risk mitigation techniques – Overview (Continued)

Prior Period	Unsecured receivables: TAS probable valued amount	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Loans protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Credits ^(*)	489.160.650	143.739.220	68.716.959	138.718.903	66.054.305	-	-
Debt instruments	140.611.253	-	-	-	-	-	-
Total	629.771.903	143.739.220	68.716.959	138.718.903	66.054.305	-	-
Defaulted	15.629.079	887.419	247.846	881.293	247.239	-	-

^(*) It also includes receivables from lease transactions.

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

Current Period	The credit conversion rate and the credit amount before the credit risk reduction		The credit conversion rate and the credit amount after the credit risk reduction		Risk weighted amount and risk weighted amount density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance amount	Off-balance sheet amount
Risk classes						
Receivables from central government or central banks	989.493	327.521.308	631.088	383.648.945	8.710.632	2,27%
Receivables from regional or local governments	90.689	433.886	76.784	477.214	267.991	48,37%
Receivables from administrative units and non-commercial enterprises	1.255.615	2.358.257	579.063	2.340.541	2.898.218	99,27%
Multilateral development receivables from banks	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-
Receivables from banks and intermediary institutions	16.189.702	88.771.612	7.908.662	89.635.553	16.407.572	16,82%
Corporate receivables	159.959.623	301.256.878	90.244.381	273.203.261	359.796.315	99,00%
Retail receivables	96.131.323	259.983.684	9.478.892	231.414.333	179.206.893	74,39%
Receivables secured with real estate mortgage for residence	1.041.088	67.007.678	421.285	66.873.511	23.551.024	35,00%
Receivables secured by real estate mortgage	2.671.609	26.477.755	1.648.061	26.477.754	16.539.721	58,81%
Delayed receivables	-	4.511.077	-	4.256.868	2.906.395	68,28%
The risk is high determined receivables	5.951.060	2.255.961	1.362.116	2.255.958	5.412.118	149,59%
Mortgage-backed securities	-	-	-	-	-	-
Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-
Investments in the nature of collective investment enterprise	263	1.300.574	41	1.294.731	1.243.663	96,05%
Other receivables	-	40.632.483	-	40.632.482	28.649.957	70,51%
Equity investments	-	1.952.568	-	1.952.568	1.952.568	100,00%
Total	284.280.465	1.124.463.721	112.350.373	1.124.463.719	647.543.067	52,36%

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VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2. Explanations on Credit Risk (Continued)

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

Prior Period	The credit conversion rate and the credit amount before the credit risk reduction		The credit conversion rate and the credit amount after the credit risk reduction		Risk weighted amount and risk weighted amount density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance amount	Off-balance sheet amount
Receivables from central government or central banks	231.948.275	971.770	297.204.260	652.576	8.975.475	3,01%
Receivables from regional or local governments	512.473	76.717	572.847	58.739	305.684	48,40%
Receivables from administrative units and non-commercial enterprises	538.433	549.846	517.121	224.607	721.946	97,33%
Multilateral development receivables from banks	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-
Receivables from banks and intermediary institutions	82.735.792	14.853.033	83.425.896	7.125.907	16.382.876	18,09%
Corporate receivables	259.361.476	138.356.697	229.627.285	78.588.205	305.044.911	98,97%
Retail receivables	248.065.075	80.672.085	215.148.335	8.340.228	166.291.304	74,41%
Receivables secured with real estate mortgage for residence	71.009.064	979.519	70.911.940	398.843	24.957.538	35,00%
Receivables secured by real estate mortgage	28.785.972	1.817.589	25.803.409	1.006.345	17.439.660	65,05%
Delayed receivables	3.995.145	-	3.747.911	-	2.566.079	68,47%
The risk is high determined receivables	1.600.528	5.006.702	1.600.524	1.164.178	4.124.249	149,18%
Mortgage-backed securities	-	-	-	-	-	-
Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-
Investments in the nature of collective investment enterprise	2.012.544	131.459	2.005.249	65.320	2.069.435	99,95%
Other receivables	40.383.443	-	40.383.443	-	28.275.362	70,02%
Equity investments	703.107	-	703.107	-	703.107	100,00%
Total	971.651.327	243.415.417	971.651.327	97.624.948	577.857.626	54,04%

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VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2. Explanations on Credit Risk (Continued)

Receivables related with Risk Classes and Risk Weights

Risk Classes/ Risk Weight – Current Period	0%	10%	20%	35% Secured by property mortgage	50% Secured by property mortgage	50% (*)	75%	100%	150%	200%	Other	Total risk amount (post- CCF and CRM)
Exposures to sovereigns and their central banks	368.454.371	-	131.425	-	-	14.019.781	-	1.674.456	-	-	-	384.280.033
Exposures to regional and local government	35.660	-	34	-	-	500.639	-	17.665	-	-	-	553.998
Exposures to administrative bodies and non-commercial entities	21.232	-	192	-	-	-	-	2.898.180	-	-	-	2.919.604
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	58.260.467	-	10.838.233	-	-	24.903.529	-	1.752.369	-	-	1.789.617	97.544.215
Exposures to corporates	1.375.264	-	1.196.892	-	-	2.637.099	-	358.238.387	-	-	-	363.447.642
Retail exposures	1.378.972	-	778.156	-	-	3.244	238.732.853	-	-	-	-	240.893.225
Exposures secured by residential property	5.366	-	1.845	67.287.585	-	-	-	-	-	-	-	67.294.796
Exposures secured by commercial property	-	-	-	-	23.172.190	-	-	4.953.625	-	-	-	28.125.815
Past-due items	955	-	47	-	-	2.698.960	-	1.556.906	-	-	-	4.256.868
Exposures in high-risk categories	429	-	4	-	-	14.243	-	203	3.603.195	-	-	3.618.074
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	51.109	-	-	-	-	-	-	1.243.663	-	-	-	1.294.772
Equity share investments	0	-	-	-	-	-	-	1.952.568	-	-	-	1.952.568
Other exposures	11.981.068	-	1.822	-	-	-	-	28.649.592	-	-	-	40.632.482
Total	441.564.893	-	12.948.650	67.287.585	23.172.190	44.777.495	238.732.853	402.937.614	3.603.195	-	1.789.617	1.236.814.092

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

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VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2. Explanations on Credit Risk (Continued)

Receivables related with Risk Classes and Risk Weights

Risk Classes/ Risk Weight – Prior Period	0%	10%	20%	35% Secured by property mortgage	50% Secured by property mortgage	50% ^(*)	75%	100%	150%	200%	Other	Total risk amount (post- CCF and CRM)
Exposures to sovereigns and their central banks	281.805.624	-	263.864	-	-	13.729.292	-	2.058.056	-	-	-	297.856.836
Exposures to regional and local government	31.359	-	34	-	-	589.031	-	11.162	-	-	-	631.586
Exposures to administrative bodies and non-commercial entities	19.736	-	58	-	-	-	-	721.934	-	-	-	741.728
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	49.293.961	-	14.399.077	-	-	23.611.552	-	1.665.653	-	-	1.581.560	90.551.803
Exposures to corporates	1.200.058	-	1.035.599	-	-	2.284.083	-	303.695.750	-	-	-	308.215.490
Retail exposures	1.146.907	-	843.404	-	-	4.053	221.494.128	-	-	-	71	223.488.563
Exposures secured by residential property	1.711	-	4.248	71.304.824	-	-	-	-	-	-	-	71.310.783
Exposures secured by commercial property	32.912	-	26.454	-	18.632.037	-	-	8.118.351	-	-	-	26.809.754
Past-due items	663	-	81	-	-	2.362.209	-	1.384.958	-	-	-	3.747.911
Exposures in high-risk categories	361	-	7	-	-	22.159	-	188	2.741.987	-	-	2.764.702
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	1.134	-	-	-	-	-	-	2.069.435	-	-	-	2.070.569
Equity share investments	-	-	-	-	-	-	-	703.107	-	-	-	703.107
Other exposures	12.108.075	-	8	-	-	-	-	28.275.360	-	-	-	40.383.443
Total	345.642.501	-	16.572.834	71.304.824	18.632.037	42.602.379	221.494.128	348.703.954	2.741.987	-	1.581.631	1.069.276.275

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

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VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Counter Party Credit Risk

Evaluation of Counterparty Credit Risk in Accordance with the Measurement Methods

	Current Period	Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure)^(*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
	Valuation Method according to fair value - CCR (for derivatives)	1.792.926	1.913.806			3.706.732	1.788.604
1	Standardised approach – CCR (for derivatives)	-	-		1,4	-	-
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					88.602.198	3.678.930
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					14.024.014	1.943.275
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	Total						7.410.809

(*) Effective Expected Positive Exposure

	Prior Period	Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure)^(*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
	Valuation Method according to fair value - CCR (for derivatives)	4.223.311	1.831.453			6.054.764	2.413.718
1	Standardised approach – CCR (for derivatives)	-	-		1,4	-	-
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					41.415.886	2.774.809
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					8.427.178	2.840.299
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	Total						8.028.826

(*) Effective Expected Positive Exposure

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

VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Counter Party Credit Risk (Continued)

Capital Requirement for Loan Valuation Adjustments

	Current Period	Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardised CVA capital charge	3.706.732	1.307.377
4	Total subject to the CVA capital charge	3.706.732	1.307.377

	Prior Period	Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardised CVA capital charge	6.054.764	2.238.857
4	Total subject to the CVA capital charge	6.054.764	2.238.857

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

VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Counter Party Credit Risk (Continued)

Standardised approach - CCR exposures by risk class and risk weights

Current Period Risk Weight /Risk Classes	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure ^(*)
Exposures to sovereigns and their central banks	44.890.784	-	-	-	-	-	-	-	44.890.784
Exposures to regional and local government	2.982	-	-	1	-	-	-	-	2.983
Exposures to administrative bodies and non-commercial entities	8.735	-	-	-	-	5	-	-	8.740
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	43.141.266	-	7.829.179	8.714.865	-	264.992	-	1.789.617	61.739.919
Exposures to corporates	250.959	-	-	-	-	1.221.602	-	-	1.472.561
Retail exposures	6.320	-	-	-	1.255	-	-	-	7.575
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-
Total	88.301.046	-	7.829.179	8.714.866	1.255	1.486.599	-	1.789.617	108.122.562

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

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

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VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Counter Party Credit Risk (Continued)

Standardised approach - CCR exposures by risk class and risk weights

Prior Period Risk Weight /Risk Classes	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure ^(*)
Exposures to sovereigns and their central banks	3.663.671	-	-	-	-	-	-	-	3.663.671
Exposures to regional and local government	1.819	-	-	-	-	-	-	-	1.819
Exposures to administrative bodies and non-commercial entities	7.319	-	-	-	-	-	-	-	7.319
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	31.669.526	-	9.088.397	9.374.982	-	119.392	-	1.581.560	51.833.857
Exposures to corporates	510.104	-	-	-	-	1.389.997	-	-	1.900.101
Retail exposures	11.066	-	-	-	1.740	-	-	71	12.877
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	590	-	590
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-
Total	35.863.505	-	9.088.397	9.374.982	1.740	1.509.389	590	1.581.631	57.420.234

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

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

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VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Counter Party Credit Risk (Continued)

Risk classes and counterparty credit risk explanations

Current Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Nonsegregated	Segregated	Nonsegregated		
Cash-domestic currency	-	-	-	-	26.411.898	-
Cash-foreign currency	-	-	-	-	36.202.914	-
Domestic sovereign debts	-	-	-	-	140.926	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	62.755.738	-

Prior Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Nonsegregated	Segregated	Nonsegregated		
Cash-domestic currency	-	-	-	-	24.810.805	-
Cash-foreign currency	-	-	-	-	28.022.665	-
Domestic sovereign debts	-	-	-	-	136.170	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	52.969.640	-

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VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Counter Party Credit Risk (Continued)

Credit Derivatives

None (31 December 2020: None).

Risks Related with Central Counterparty

	Current Period	Exposure at default (post-CRM)	RAW
1	Exposure to Qualified Central Counterparties (QCCPs) (total)	1.789.617	35.792
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC Derivatives	-	-
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	783.393	15.668
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	-
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	1.006.224	20.124
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)	-	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which)	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

	Prior Period	Exposure at default (post-CRM)	RAW
1	Exposure to Qualified Central Counterparties (QCCPs) (total)	1.581.631	31.633
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC Derivatives	-	-
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	544.106	10.882
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	-
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	1.037.525	20.751
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)	-	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which)	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

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

VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

4. Explanations on Market Risk

Standard approach

Current Period		RWA
	Outright products	
1	Interest rate risk (general and specific)	23.778.796
2	Equity risk (general and specific)	3.459.478
3	Foreign exchange risk	5.637.440
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitisation	-
9	Total	32.875.714

Prior Period		RWA
	Outright products	
1	Interest rate risk (general and specific)	32.279.735
2	Equity risk (general and specific)	1.056.572
3	Foreign exchange risk	6.478.313
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitisation	-
9	Total	39.814.620

The following tables that should be given in quarterly and six-month periods in accordance with the footnotes and related explanations prepared in accordance with the “Communiqué on Public Disclosures by the Banks” published in the Official Gazette dated 23 October 2015 and numbered 29511 by the BRSA and entered into force as of 31 March 2016. As of 30 June 2021, since the standard approach is used in the calculation of the market risk of the Bank:

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

Internal model approach for trading account

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

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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
FX Deposit (EUR)	EUR Capital Amounts Allocated to Foreign Partnerships	Foreign exchange rate risk	(913.454)	913.454	-

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

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 SME 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 “Finart” IT system, which is working in a centralized manner, the Parent Bank has the technical infrastructure required by modern banking to meet its clients’ needs.

In the context of corporate and entrepreneurial 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 30 June 2021 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/ Entrepreneur banking	Specialized Banking	Treasury/ Investment Banking	Consolidation Corrections	Other/ Undistributed	Total
OPERATING INCOME/EXPENSE							
Interest Income	9.795.820	16.261.411	5.562.316	14.810.656	-	421.688	46.851.891
Interest Income from Loans	9.795.820	16.261.411	5.562.316	3.172.432	-	-	34.791.979
Interest Income from Banks	-	-	-	91.813	-	-	91.813
Interest Income from Securities	-	-	-	10.955.502	-	-	10.955.502
Other Interest Income	-	-	-	590.909	-	421.688	1.012.597
Interest Expense	12.096.463	6.818.940	-	12.951.328	-	310.336	32.177.067
Interest Expense on Deposits	12.096.463	6.818.940	-	1.969.012	-	-	20.884.415
Interest Expense on Funds Borrowed	-	-	-	578.105	-	-	578.105
Interest Expense on Money Market Transactions	-	-	-	9.194.884	-	-	9.194.884
Interest Expense on Securities Issued	-	-	-	1.209.327	-	-	1.209.327
Other Interest Expense	-	-	-	-	-	310.336	310.336
Net Interest Income/Expense	(2.300.643)	9.442.471	5.562.316	1.859.328	-	111.352	14.674.824
Net Fees and Commission Income/Expense	1.499.317	1.436.937	86.124	(822.352)	-	427.308	2.627.334
Fees and Commissions Received	1.500.125	1.452.342	86.124	9	-	572.774	3.611.374
Fees and Commissions Paid	808	15.405	-	822.361	-	145.466	984.040
Dividend Income	-	-	-	117.828	(109.580)	-	8.248
Trading Profit/Loss (Net)	-	-	-	(4.960.267)	-	18.820	(4.941.447)
Other Operating Income	14.203	325.058	23.586	3.076	-	2.356.650	2.722.573
Provision for Expected Loss (-)	917.799	2.692.351	554.365	-	-	70.891	4.235.406
Other Provision Expenses (-)	17	40.964	-	108.234	-	14.150	163.365
Personnel Expenses (-)	-	-	-	-	-	2.784.826	2.784.826
Other Operating Expense	1.830.172	142.614	51.818	-	-	2.599.654	4.624.258
Net Operating Profit/Loss	(3.535.111)	8.328.537	5.065.843	(3.910.621)	(109.580)	(2.555.391)	3.283.677
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	29.967	11.060	41.027
Tax Provision	-	-	-	-	-	(954.722)	(954.722)
Discontinued Operations Profit / Loss Before Taxes	-	-	-	-	-	-	-
Discontinued Operations Tax Provision	-	-	-	-	-	-	-
Net Profit/Loss	(3.535.111)	8.328.537	5.065.843	(3.910.621)	(79.613)	(3.499.053)	2.369.982
SEGMENT ASSETS							
Financial Assets at FV Through P/L	-	-	-	19.979.404	-	-	19.979.404
Banks and Receivables from Money Market	-	-	-	9.803.226	-	-	9.803.226
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	214.322.967	1.516	-	214.324.483
Loans (*)	168.722.978	414.487.854	100.884.561	15.104.257	-	1.555	699.201.205
Financial Assets Measured at Amortised Cost (Net)	-	-	-	31.530.793	-	-	31.530.793
Derivative Financial Assets	-	-	-	2.646.394	-	-	2.646.394
Associates, Subsidiaries and Joint Ventures	-	-	-	16.724.941	(15.071.292)	-	1.653.649
Other Assets	8.902	6.077.182	123.316	93.593.956	701.296	41.084.180	141.588.832
Total Segment Assets	168.731.880	420.565.036	101.007.877	403.705.938	(14.368.480)	41.085.735	1.120.727.986
SEGMENT LIABILITIES							
Deposits	533.324.015	149.598.527	-	43.236.826	-	47.154.008	773.313.376
Derivative Financial Liabilities Held for Trading	-	-	-	3.822.338	-	-	3.822.338
Funds Borrowed	-	-	-	44.727.466	-	-	44.727.466
Money Market Borrowings	5.956	68.991.188	-	57.157.413	-	-	126.154.557
Securities Issued (Net)	-	-	-	21.516.929	-	-	21.516.929
Provisions	2.568	1.971.120	-	-	-	5.824.302	7.797.990
Other Liabilities	-	-	-	-	(2.549)	48.428.579	48.426.030
Shareholders' Equity	-	-	-	-	(14.375.651)	109.344.951	94.969.300
Total Segment Liabilities	533.332.539	220.560.835	-	170.460.972	(14.378.200)	210.751.840	1.120.727.986

(*) It also includes receivables from leasing transactions.

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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)

	Retail Banking	Corporate/ Entrepreneur banking	Specialized Banking	Treasury/ Investment Banking	Consolidation Corrections	Other/ Undistributed	Total
Prior Period-30 June 2020							
OPERATING INCOME/EXPENSE							
Interest Income	7.283.701	12.311.225	4.161.083	10.420.023	-	332.276	34.508.308
Interest Income from Loans	7.283.701	12.311.225	4.161.083	3.022.652	-	-	26.778.661
Interest Income from Banks	-	-	-	55.850	-	-	55.850
Interest Income from Securities	-	-	-	7.264.639	-	-	7.264.639
Other Interest Income	-	-	-	76.882	-	332.276	409.158
Interest Expense	6.429.570	3.156.023	-	4.027.300	-	930.039	14.542.932
Interest Expense on Deposits	6.429.570	3.156.023	-	710.991	-	-	10.296.584
Interest Expense on Funds Borrowed	-	-	-	696.674	-	-	696.674
Interest Expense on Money Market Transactions	-	-	-	1.725.379	-	-	1.725.379
Interest Expense on Securities Issued	-	-	-	894.256	-	-	894.256
Other Interest Expense	-	-	-	-	-	930.039	930.039
Net Interest Income/Expense	854.131	9.155.202	4.161.083	6.392.723	-	(597.763)	19.965.376
Net Fees and Commission Income/Expense	1.169.516	714.034	63.416	(553.562)	-	(142.095)	1.251.309
Fees and Commissions Received	1.169.516	724.245	63.416	3.868	-	358.772	2.319.817
Fees and Commissions Paid	-	10.211	-	557.430	-	500.867	1.068.508
Dividend Income	-	-	-	1.041.243	(1.039.756)	-	1.487
Trading Profit/Loss (Net)	-	-	-	(2.749.724)	-	6.402	(2.743.322)
Other Operating Income	24.105	154.016	12.823	48.622	-	1.556.948	1.796.514
Provision for Expected Loss (-)	1.373.733	3.496.171	707.249	-	-	138.580	5.715.733
Other Provision Expenses (-)	20	121	-	7.273	-	2.135.373	2.142.787
Personnel Expenses (-)	-	-	-	-	-	2.690.993	2.690.993
Other Operating Expense	1.558.946	78.704	34.222	20.228	-	2.547.144	4.239.244
Net Operating Profit/Loss	(884.947)	6.448.256	3.495.851	4.151.801	(1.039.756)	(6.688.598)	5.482.607
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	18.543	7.646	26.189
Tax Provision	-	-	-	-	-	(1.816.228)	(1.816.228)
Discontinued Operations Profit / Loss Before Taxes	-	-	-	-	-	1.937.973	1.937.973
Discontinued Operations Tax Provision	-	-	-	-	-	(81.405)	(81.405)
Net Profit/Loss	(884.947)	6.448.256	3.495.851	4.151.801	(1.021.213)	(6.640.612)	5.549.136
SEGMENT ASSETS 31 December 2020							
Financial Assets at FV Through P/L Banks and Receivables from Money Market	-	-	-	15.354.116	-	-	15.354.116
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	10.027.095	-	-	10.027.095
Loans	179.301.086	367.187.496	85.643.924	9.500.957	1.517	-	641.633.463
Financial Assets Measured at Amortised Cost (Net)	-	-	-	30.615.146	-	-	30.615.146
Derivative Financial Assets	-	-	-	5.061.778	-	-	5.061.778
Associates, Subsidiaries and Entities under Common Control	-	-	-	15.245.526	(13.760.183)	-	1.485.343
Other Assets	8.689	6.524.817	122.567	88.366.223	524.208	31.569.152	127.115.656
Total Segment Assets	179.309.775	373.712.313	85.766.491	361.409.648	(13.234.458)	31.569.152	1.018.532.921
SEGMENT LIABILITIES 31 December 2020							
Deposits	465.068.519	151.576.278	-	34.215.803	-	43.977.640	694.838.240
Derivative Financial Liabilities Held for Trading	-	-	-	3.486.961	-	-	3.486.961
Funds Borrowed	-	-	-	37.168.551	-	-	37.168.551
Money Markets Borrowings	9.029	22.701.248	-	95.792.265	-	-	118.502.542
Securities Issued (Net)	-	-	-	18.373.615	-	-	18.373.615
Provisions	1.308	1.862.610	-	-	-	5.646.908	7.510.826
Other Liabilities	-	-	-	-	(1.667)	43.580.300	43.578.633
Shareholders' Equity	-	-	-	-	(13.232.792)	108.306.345	95.073.553
Total Segment Liabilities	465.078.856	176.140.136	-	189.037.195	(13.234.459)	201.511.193	1.018.532.921

(*) It also includes receivables from leasing transactions.

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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	1.742.281	4.528.710	2.239.346	3.983.617
Central Bank of the Republic of Turkey	8.603.729	92.252.861	6.127.060	82.146.802
Other	-	554.229	-	449.400
Total	10.346.010	97.335.800	8.366.406	86.579.819

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 TL and FC liabilities that are specified in the mentioned Communiqué. Required reserves are calculated every two weeks and established for 14-day intervals.

With 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%-22% for FX deposits and for other FC liabilities.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	8.098.763	21.085.326	5.905.660	21.462.861
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	1.798	-	370
Other ⁽¹⁾	504.966	71.165.737	221.400	60.683.571
Total	8.603.729	92.252.861	6.127.060	82.146.802

⁽¹⁾ Includes required reserves and CBRT restricted electronic money funds amounting to TL 15.963. Required reserve of branches abroad amounting to TL 284.071 is presented in this line. TL 9.593.400 of the current period’s FC required reserve is the part of the TL required reserves that are held in FC (31 December 2020: Includes required reserves and CBRT restricted electronic money funds amounting to TL 12.011. Required reserve of branches abroad amounting to TL 265.879 is presented in this line. TL 9.120.863 of the current period’s FC required reserve is the part of the TL required reserves that are held in FC).

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

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

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	854.663	987.872
Assets Blocked/Given as Collateral	16.900.146	13.708.749
Total	17.754.809	14.696.621

3. Positive Differences Statement Regarding Trading Derivative Financial Asset

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	162.021	3.612	69.015	1.618
Swap Transactions	1.305.131	1.175.358	2.872.371	2.112.607
Futures Transactions	-	-	6.018	-
Options	-	-	-	-
Other	157	115	140	9
Total	1.467.309	1.179.085	2.947.544	2.114.234

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	11.706	440.598	3.213	2.625.254
Foreign Banks (*)	334.439	8.384.295	578.142	6.223.551
Foreign Head Office and Branches	-	-	-	-
Total	346.145	8.824.893	581.355	8.848.805

(*) In accordance with the Uniform Chart of Accounts that entered into force as of January 1, 2021, foreign bank derivative and repo transactions collaterals amounting to TL 2.088.070 as of the balance sheet date, which were included in the previous period's other assets, are reported in the foreign banks line in the current period.

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	111.677.074	54.282.961
Assets Blocked/Given as Collateral	57.410.350	84.326.980
Total	169.087.424	138.609.941

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

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

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

	Current Period	Prior Period
Debt Securities	220.128.068	189.012.067
Quoted at Stock Exchange	219.685.302	187.266.123
Unquoted at Stock Exchange	442.766	1.745.944
Share Certificates	327.233	302.479
Quoted at Stock Exchange	2.646	2.733
Unquoted at Stock Exchange	324.587	299.746
Provision for Impairment (-)	6.130.818	2.074.222
Total	214.324.483	187.240.324

7. Information Related to Loans

7.1 Information on All Types of Loans and Advances Given to Shareholders and Employees of the Parent Bank

	Current Period		Prior Period	
	TL	FC	TL	FC
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⁾	708.015	-	642.578	-
Total	708.015	-	642.578	-

(1) Interest rediscount and interest accrual amounting TL 6.349, are not included (31 December 2020: Interest rediscount and interest accrual amounting TL 4.190 are not included).

(2) Since the balance of overdraft accounts related to employees amounting TL 23.728, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above. (31 December 2020: Since the balance of overdraft accounts related to employees amounting TL 21.494, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above.)

7.2 Information on the First and Second Group Loans and Other Receivables Including loans that have been restructured or rescheduled

Current Period	Standard Loans	Loans Under Close Monitoring ⁽³⁾		
		Not Under the Scope of Restructuring	Loans Under Restructured	
Cash Loans			Loans with revised contract terms	Refinancing
Non-Specialized Loans	542.031.559	22.360.040	947.103	21.899.634
Loans given to enterprises	330.628.281	18.086.789	830.639	21.786.894
Export Loans	8.439.747	1.200.733	2.575	-
Import Loans	702.506	34.215	-	-
Loans Given to Financial Sector	6.858.019	-	-	-
Consumer Loans	154.579.282	2.726.693	112.635	105.953
Credit Cards	26.122.594	296.740	-	3.871
Other	14.701.130	14.870	1.254	2.916
Specialized Loans ⁽¹⁾⁽²⁾	93.122.281	988.517	27.469	1.231.469
Other Receivables	-	-	-	-
Interest Income Accruals	12.115.369	2.468.396	37.296	1.029.813
Total	647.269.209	25.816.953	1.011.868	24.160.916

(1) Funds are originated agricultural loans are shown in specialized lendings.

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

(3) It includes a loan amounting to TL 3.807.829 with a delay of more than 90 days.

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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 loans that have been restructured or rescheduled (Continued)

Prior Period	Standard	Not Under the	Loans Under Close Monitoring ⁽³⁾	
			Loans Under Restructured	
Cash Loans	Loans	Scope of	Loans with	Refinancing
		Restructuring	contract terms	
Non-Specialized Loans	511.771.755	20.159.042	1.024.130	13.930.913
Loans given to enterprises	300.433.370	17.973.440	944.727	13.822.319
Export Loans	6.969.102	502.089	-	-
Import Loans	63.885	-	-	-
Loans Given to Financial Sector	7.383.937	-	-	-
Consumer Loans	166.429.646	1.371.308	79.208	104.309
Credit Cards	17.742.374	234.189	-	3.354
Other	12.749.441	78.016	195	931
Specialized Loans ⁽¹⁾⁽²⁾	79.035.186	1.188.468	764	1.216.456
Other Receivables	-	-	-	-
Interest Income Accruals	10.042.382	1.670.508	57.285	731.871
Total	600.849.323	23.018.018	1.082.179	15.879.240

⁽¹⁾ Funds are originated agricultural loans are shown in specialized lendings.

⁽²⁾ Agricultural loans to support farmers are shown in specialized lendings.

⁽³⁾ It includes a loan amounting to TL 2.721.661 with a delay of more than 90 days.

Expected Credit Loss of Stage 1 and Stage 2	Current Period		Prior Period	
	Standard Qualified Loans	Loans Under Close Monitoring	Standard Qualified Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	2.989.937	-	2.888.030	-
Significant Increase in Credit Risk	-	7.493.286	-	6.223.597

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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 Cards

Current Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	748.516	152.855.464	153.603.980
Mortgage Loans ⁽²⁾	15.907	91.195.391	91.211.298
Automotive Loans	9.576	1.035.244	1.044.820
Consumer Loans ⁽²⁾	723.033	60.624.829	61.347.862
Other	-	-	-
Consumer Loans- Indexed to FC	446	338.667	339.113
Mortgage Loans	-	52.444	52.444
Automotive Loans	-	2.811	2.811
Consumer Loans	5	16.524	16.529
Other	441	266.888	267.329
Consumer Loans-FC	8.127	1.098.919	1.107.046
Mortgage Loans	223	240.530	240.753
Automotive Loans	43	13.156	13.199
Consumer Loans	3.963	158.407	162.370
Other	3.898	686.826	690.724
Consumer Credit Cards-TL	14.081.173	184.098	14.265.271
With Installment	4.441.846	165.074	4.606.920
Without Installment	9.639.327	19.024	9.658.351
Consumer Credit Cards-FC	63.744	-	63.744
With Installment	62.931	-	62.931
Without Installment	813	-	813
Personnel Loans-TL	15.543	442.160	457.703
Mortgage Loans	-	2.757	2.757
Automotive Loans	-	188	188
Consumer Loans	15.543	439.215	454.758
Other	-	-	-
Personnel Loans-Indexed to FC	-	11.921	11.921
Mortgage Loans	-	2.869	2.869
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	9.052	9.052
Personnel Loans-FC	1.096	29.938	31.034
Mortgage Loans	-	9.944	9.944
Automotive Loans	-	332	332
Consumer Loans	982	1.900	2.882
Other	114	17.762	17.876
Personnel Credit Cards-TL	197.746	6.949	204.695
With Installment	71.117	6.436	77.553
Without Installment	126.629	513	127.142
Personnel Credit Cards-FC	1.852	810	2.662
With Installment	1.665	-	1.665
Without Installment	187	810	997
Overdraft Accounts-TL (Real Person)	1.973.694	-	1.973.694
Overdraft Accounts-FC (Real Person)	72	-	72
Total ⁽¹⁾	17.092.009	154.968.926	172.060.935

⁽¹⁾ TL 1.301.352 of interest income rediscount and accrual is not included.

⁽²⁾ Funds originated consumer loans amounting to TL 3.993.176 are included.

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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 Cards (Continued)

Prior Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	695.314	163.835.316	164.530.630
Mortgage Loans ⁽²⁾	9.748	95.348.941	95.358.689
Automotive Loans	7.567	1.063.501	1.071.068
Consumer Loans ⁽²⁾	677.999	67.422.874	68.100.873
Other	-	-	-
Consumer Loans- Indexed to FC	273	352.145	352.418
Mortgage Loans	-	55.203	55.203
Automotive Loans	-	2.889	2.889
Consumer Loans	65	18.236	18.301
Other	208	275.817	276.025
Consumer Loans-FC	5.168	899.509	904.677
Mortgage Loans	298	161.298	161.596
Automotive Loans	104	13.049	13.153
Consumer Loans	1.915	77.306	79.221
Other	2.851	647.856	650.707
Consumer Credit Cards-TL	9.906.452	199.310	10.105.762
With Installment	3.324.760	184.008	3.508.768
Without Installment	6.581.692	15.302	6.596.994
Consumer Credit Cards-FC	57.384	22	57.406
With Installment	56.678	-	56.678
Without Installment	706	22	728
Personnel Loans-TL	14.553	405.788	420.341
Mortgage Loans	-	1.082	1.082
Automotive Loans	-	425	425
Consumer Loans	14.553	404.281	418.834
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	232	36.600	36.832
Mortgage Loans	-	10.446	10.446
Automotive Loans	-	-	-
Consumer Loans	5	1.538	1.543
Other	227	24.616	24.843
Personnel Credit Cards-TL	176.667	7.245	183.912
With Installment	63.409	6.890	70.299
Without Installment	113.258	355	113.613
Personnel Credit Cards-FC	1.493	-	1.493
With Installment	1.470	-	1.470
Without Installment	23	-	23
Overdraft Accounts-TL (Real Person)	1.739.573	-	1.739.573
Overdraft Accounts-FC (Real Person)	-	-	-
Total ⁽¹⁾	12.597.109	165.735.935	178.333.044

⁽¹⁾ TL 1.089.551 of interest income accrual is not included.

⁽²⁾ Funds originated consumer loans amounting to TL 3.914.794 of are included.

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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
Commercial Installment Loans-TL	2.404.869	96.028.293	98.433.162
Mortgage Loans	1.612	1.503.140	1.504.752
Automotive Loans	170.288	2.740.435	2.910.723
Consumer Loans	2.232.969	91.784.718	94.017.687
Other	-	-	-
FC Indexed Commercial Instalment Loans	450.979	509.017	959.996
Mortgage Loans	-	-	-
Automotive Loans	-	455	455
Consumer Loans	60.504	-	60.504
Other	390.475	508.562	899.037
Commercial Installment Loans-FC	969.401	51.388.801	52.358.202
Mortgage Loans	49.340	244.112	293.452
Automotive Loans	-	31.324	31.324
Consumer Loans	678.021	49.977.902	50.655.923
Other	242.040	1.135.463	1.377.503
Corporate Credit Cards-TL	11.709.476	147.216	11.856.692
With Installment	5.310.262	147.174	5.457.436
Without Installment	6.399.214	42	6.399.256
Corporate Credit Cards-FC	30.141	-	30.141
With Installment	29.401	-	29.401
Without Installment	740	-	740
Overdraft Account-TL (Legal Entity)	1.340.400	-	1.340.400
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	16.905.266	148.073.327	164.978.593

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

Prior Period	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans-TL	2.473.246	106.838.039	109.311.285
Mortgage Loans	1.352	1.475.010	1.476.362
Automotive Loans	155.613	2.166.836	2.322.449
Consumer Loans	2.316.281	103.196.193	105.512.474
Other	-	-	-
FC Indexed Commercial Instalment Loans	779.976	1.009.417	1.789.393
Mortgage Loans	779.976	1.006.474	1.786.450
Automotive Loans	-	2.943	2.943
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans-FC	315.999	46.135.941	46.451.940
Mortgage Loans	38.228	147.081	185.309
Automotive Loans	-	37.882	37.882
Consumer Loans	161.831	45.305.788	45.467.619
Other	115.940	645.190	761.130
Corporate Credit Cards-TL	7.533.999	75.399	7.609.398
With Installment	3.278.089	75.279	3.353.368
Without Installment	4.255.910	120	4.256.030
Corporate Credit Cards-FC	21.946	-	21.946
With Installment	21.412	-	21.412
Without Installment	534	-	534
Overdraft Account-TL (Legal Entity)	940.273	-	940.273
Overdraft Account-FC (Legal Entity)	26.457	-	26.457
Total ⁽¹⁾	12.091.896	154.058.796	166.150.692

⁽¹⁾ Accruals and rediscount amounts related to loans are not included in 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)

7.5. Distribution of Domestic and Foreign Loans

	Current Period	Prior Period
Domestic Loans	667.586.712	613.508.290
Foreign Loans	15.021.360	14.818.424
Interest Income Accruals of Loans	15.650.874	12.502.046
Total	698.258.946	640.828.760

7.6. Loans Granted to Investments in Associates and Subsidiaries

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	1.993.180	1.138.436
Indirect loans granted to subsidiaries and associates	-	-
Total	1.993.180	1.138.436

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

	Current Period	Prior Period
Loans and other receivables with limited collectability	1.095.596	1.234.735
Loans and other receivables with doubtful collectability	1.156.407	655.989
Uncollectible loans and other receivables	10.651.407	10.020.337
Total	12.903.410	11.911.061

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	174.629	684.647	1.191.631
Rescheduled Loans	174.629	684.647	1.191.631
Prior Period			
Gross amounts before the provisions	245.295	124.385	1.015.246
Rescheduled Loans	245.295	124.385	1.015.246

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

7. Information Related to Loans (Continued)

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

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Prior Period Ending Balance	2.608.435	1.341.890	12.730.889
Additions (+)	1.206.305	1.021.580	1.124.211
Transfers from Other Categories of Non-Performing Loans (+)	-	1.309.989	1.183.008
Transfers to Other Categories of Non-Performing Loans (-)	1.309.989	1.183.008	-
Collections (-) ⁽¹⁾	93.750	333.669	1.623.238
Write-offs (-)	-	-	-
Sold (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	2.411.001	2.156.782	13.414.870
Provision (-)	1.095.596	1.156.407	10.651.407
Net Balance at Balance Sheet	1.315.405	1.000.375	2.763.463

⁽¹⁾ Includes transfers to the first and second group loans amounting to TL 413.744.

7.8.3. Information on Non-Performing Loans Granted As Foreign Currency Loans

	Group III Loans and other receivables with limited collectability	Group IV Loans and other receivables with doubtful collectability	Group V Uncollectible loans and other receivables
Current Period:			
Balance at the End of the Period	1.704.262	95.629	518.371
Provision (-)	894.130	80.414	441.064
Net Balance on Balance Sheet	810.132	15.215	77.307
Prior Period:			
Balance at the End of the Period	1.421.370	134.815	384.361
Provision (-)	684.262	93.696	321.922
Net Balance on Balance Sheet	737.108	41.119	62.439

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(Continued)**

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

7. Information Related to Loans (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)	1.315.405	1.000.375	2.763.463
Loans to Real Persons and Legal Entities (Gross)	2.411.001	2.156.782	13.260.104
Provisions (-)	1.095.596	1.156.407	10.496.641
Loans to Real Persons and Legal Entities (Net)	1.315.405	1.000.375	2.763.463
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	154.766
Provisions (-)	-	-	154.766
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	1.373.700	685.901	2.710.552
Loans to Real Persons and Legal Entities (Gross)	2.608.435	1.341.890	12.582.423
Provisions (-)	1.234.735	655.989	9.871.871
Loans to Real Persons and Legal Entities (Net)	1.373.700	685.901	2.710.552
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	148.466
Provisions (-)	-	-	148.466
Other Loans and Receivables (Net)	-	-	-

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

	Group III	Group IV	Group V
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	75.244	108.521	168.142
Interest Accruals and Valuation Differences	96.418	364.017	634.887
Provisions (-)	21.174	255.496	466.745
Prior Period (Net)	168.569	40.312	157.220
Interest Accruals and Valuation Differences	257.319	128.081	570.510
Provisions (-)	88.750	87.769	413.290

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(Continued)**

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

8. Financial Assets Measured at Amortised Cost

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

Financial Assets Measured at Amortised Cost subject to repo transactions

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	1.360.072	2.651.681	3.315.575	1.802.748
Treasury Bills	-	-	-	-
Other Government Debt	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	1.360.072	2.651.681	3.315.575	1.802.748

Financial Assets Measured at Amortised Cost given as collateral or blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	-	-	-	-
Bonds and Similar Investment Securities	8.295.515	17.299.116	8.723.020	14.875.540
Other	-	-	-	-
Total	8.295.515	17.299.116	8.723.020	14.875.540

8.2. Information on Government Debt Securities

	Current Period	Prior Period
Government Bonds	31.089.917	29.577.973
Treasury Bills	25.933	22.087
Other Public Sector Debt Securities	185.029	874.661
Total	31.300.879	30.474.721

8.3 Information on Financial Assets Measured at Amortised Cost

	Current Period	Prior Period
Debt securities	31.537.519	30.620.661
Quoted at stock exchange	30.255.991	29.571.518
Unquoted at stock exchange	1.281.528	1.049.143
Provision for Impairment (-)	1.075	180
Total	31.536.444	30.620.481

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(Continued)**

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

8. Financial Assets Measured at Amortised Cost (Continued)

8.4 The Movements of Financial Assets at Amortised Costs

	Current Period	Prior Period
Balance at the Beginning of the Period	30.620.481	18.171.615
Foreign Currency Differences on Monetary Assets	2.446.103	4.245.424
Purchases During the Year ⁽¹⁾	1.077.088	9.056.733
Disposals through Sales and Redemptions	(2.606.153)	(853.111)
Provision for Impairment (-)	1.075	180
Balance at the End of the Period	31.536.444	30.620.481

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

9. Information on Associates Accounts (Net)

9.1. Information on Unconsolidated Associates

	Title	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.	Istanbul/Turkey	20,00	20,00
2	Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.	Istanbul/Turkey	33,34	33,34
3	Keskinoğlu Tavukçuluk ve Damızlık İşl. San. Tic. A.Ş.	Manisa/Turkey	55,95	55,95

	Total Assets ⁽²⁾	Shareholders’ Equity ⁽²⁾	Total Non- Current Assets ⁽²⁾⁽³⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit / Loss ⁽²⁾	Prior Period Profit / Loss ⁽²⁾	Fair Value ⁽¹⁾
1	4.851	4.763	51	-	-	(464)	(22)	-
2	202.916	165.144	20.232	9.281	-	6.162	(51)	-
3	577.104	(382.929)	194.104	1.659	-	(75.696)	(248.912)	-

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

⁽²⁾ Current period financial statement information of Platform Ortak Kartlı Sistemler A.Ş. is taken from 31 December 2020 financial statements, prior period profit/loss figure is taken from 31 December 2019 financial statements. The current period financial statement information of other subsidiaries is obtained from the unaudited financial statements dated 30 June 2021, and the profit/loss figures for the previous period are obtained from the reviewed financial statements dated 30 June 2020.

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

9.2. Consolidated Subsidiaries

	Title	Address (City/ Country)	The Parent Bank’s Share Percentage-if different Voting Percentage (%)	The Parent Bank’s Group Share Percentage (%)
1	Arap Türk Bankası A.Ş.	Istanbul / Turkey	15,43	15,43

	Total Assets ⁽²⁾	Shareholders’ Equity ⁽²⁾	Total Non- Current Assets ⁽²⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit / Loss ⁽²⁾	Prior Period Profit / Loss ⁽²⁾	Fair Value ⁽¹⁾
1	6.856.155	1.239.593	148.579	119.230	53.577	87.326	42.639	-

⁽¹⁾ There is no fair value of Arap Türk Bankası A.Ş. since associates are not traded in the stock exchange

⁽²⁾ Current period information of Arap Türk Bankası A.Ş. has been provided from unaudited financial statements as of 30 June 2021. Prior period profit/loss information of associates has been provided from audited financial statements as of 30 June 2020.

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(Continued)**

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

9. Information on Investments in Associates (Net) (Continued)

9.3. Information on Financial Associates

	Current Period	Prior Period
Balance at the Beginning of the Period	177.879	162.465
Movement During the Period	13.390	15.414
Additions	-	-
Bonus Shares and Contributions to Capital	-	-
Dividends from Current Year Income	13.474	14.902
Transfer	-	-
Sales/Liquidation	-	-
Revaluation Increase	-	512
Revaluation/Impairment (-)	84	-
Balance at the End of the Period	191.269	177.879
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

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

Subsidiaries	Current Period	Prior Period
Banks	191.269	177.879
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	-	-

9.5. Subsidiaries Quoted to a Stock Exchange

None (31 December 2020: None).

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

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.	İstanbul / Turkey	100,00	100,00
2	Onko İlaç Sanayi ve Ticaret A.Ş.	Kocaeli / Turkey	85,00	85,00
3	Koçsel İlaç Sanayi ve Ticaret A.Ş.	Kocaeli / Turkey	85,00	85,00
4	Rinerji Rize Elektrik Üretim A.Ş.	Rize / Turkey	51,00	51,00

	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	90.657	17.928	7.633	745	24	70	(3.259)	56.467
2	686.879	93.937	375.944	1.539	1	(31.598)	(6.164)	62.661
3	52.657	16.011	5.739	-	-	3.345	(1.701)	7.320
4	56.170	8.263	53.731	-	-	(4.431)	(293)	38.948

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

(2) The current period financial statement information of Rinerji Rize Elektrik Üretim A.Ş. is taken from the financial statements dated March 31, 2021, and the profit/loss figures for the previous period are taken from the financial statements dated March 31, 2020. The current period financial statement information of other subsidiaries is taken from the unaudited financial statements dated 30 June 2021, and the profit/loss figures for the previous period are taken from the reviewed financial statements dated 30 June 2020.

10.2. Information on Consolidated Subsidiaries

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

	Description	Address (City/ Country)	The Bank's Share Percentage-if different Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul / Turkey	99,60	99,60
2	Ziraat Portföy Yönetimi A.Ş.	İstanbul / Turkey	74,90	99,80
3	Ziraat Katılım Bankası A.Ş. ^(*)	İstanbul / Turkey	100,00	100,00
4	Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul / Turkey	81,06	81,06
5	Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.	İstanbul / 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	99,91
9	Kazakhstan Ziraat Int. Bank	Almaty / Kazakhstan	99,58	99,58
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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I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)

10. Information on Subsidiaries (Net) (Continued)

10.2. Information on Consolidated Subsidiaries (Continued)

	Total Assets	Shareholders' Equity	Total Non-Current Assets	Interest Income	Income from Marketable Securities	Current Period Profit / Loss	Prior Period Profit /Loss	Fair Value	Shareholder's equity amount needed
1	780.544	535.107	5.211	81.498	-	201.313	114.406	1.098.904	-
2	172.145	156.633	3.448	13.514	-	30.523	30.706	153.045	-
3	67.373.227	3.894.262	390.157	2.354.180	329.081	187.350	138.382	3.277.972	-
4	7.158.937	7.039.738	5.070.486	40.319	-	72.594	33.404	6.096.319	-
5	1.006.872	1.005.356	1.134	21.180	-	21.882	12.040	1.005.851	-
6	16.140.366	2.782.371	31.750	202.458	11.306	105.319	16.766	1.931.693	-
7	6.237.199	647.165	50.569	75.830	-	33.272	4.015	316.691	-
8	911.652	437.458	17.814	33.980	268	21.184	16.817	268.876	-
9	2.375.500	706.773	224.850	73.936	-	36.015	28.771	435.713	-
10	1.779.974	380.351	117.435	47.931	3.586	14.348	(6.211)	228.372	-
11	722.650	173.644	10.624	12.755	1.139	1.243	1.848	132.415	-
12	379.179	158.143	17.406	7.786	1.541	2.156	(450)	113.798	-
13	1.020.548	249.093	20.161	39.042	778	(6.637)	18.269	183.936	-

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

(2) Current period financial information has been provided from unaudited financial statements as of 30 June 2021. Prior period profit/loss information has been provided from audited financial statements as of 30 June 2020.

(reflects the values of the Parent Bank)

	Current Period	Prior Period
Balance at the Beginning of the Period	13.901.878	7.335.025
Movements During the Period	1.341.707	6.566.853
Additions to Scope of Consolidation	-	-
Purchases ⁽¹⁾	463.532	2.499.959
Bonus Shares Obtained	45.620	-
Dividends from current year income	-	-
Sales	-	-
Revaluation Increase ⁽²⁾	933.310	4.738.323
Impairment Provision (-)	100.755	671.429
Transfer (-) ⁽³⁾	-	-
Balance at the End of the Period	15.243.585	13.901.878
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

(1) Paid Capital Increases are classified under “Purchases” account. The amount of TL 463.532 in the current period is the share repurchase price paid by the Bank within the scope of the repurchase commitment regarding the public offering of Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.

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

(3) Non-financial subsidiaries are not included.

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

10. Information on Subsidiaries (Net) (Continued)

**10.3. Sectoral Information on Subsidiaries and the Related Carrying Amounts
(reflects the values of the Parent Bank)**

	Current Period	Prior Period
Banks	6.889.466	6.558.371
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	8.354.119	7.343.507

**10.4. Subsidiaries Quoted to a Stock Exchange
(reflects the values of the Parent Bank)**

	Current Period	Prior Period
Listed on Domestic Stock Exchanges ⁽¹⁾	6.096.319	-
Listed on Foreign Exchanges	-	-

⁽¹⁾ Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş., a subsidiary of the Parent Bank. The shares were offered to the public and the shares started to be traded on Borsa İstanbul AŞ as of May 6, 2021.

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	5.850.284	26.690	8.803	114.311	48.317

⁽¹⁾ Information on entity under joint control is provided from the unaudited financial statements as of 30 June 2021.

12. Information on Lease Receivables

Information on receivables from financial leasing transactions

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	331.417	319.561	101.563	97.448
1-5 Years	5.132.584	4.554.416	4.664.859	4.133.051
More than 5 Years	1.736.156	1.472.262	1.166.870	915.678
Total	7.200.157	6.346.239	5.933.292	5.146.177

13. Information on Derivative Financial Assets for Hedging Purposes

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

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

14. Information on Investment Property

The Group's investment properties are TL 566.740 (31 December 2020: 477.790).

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 usage exists by the Parent Bank. Those immovables considered for sales are announced at the web site of the Parent Bank.

The Group's immovables acquired amount to TL 5.320.681 (31 December 2020: TL 5.334.912) consisting of TL 8.902 (31 December 2020 TL 8.689) due to consumer loans, TL 5.188.463 (31 December 2020 TL 5.203.656) on its commercial loans and TL 123.316 (31 December 2020 TL 122.567) on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL 4659 (31 December 2020 TL 1.207). The net book value of the Group's non-current assets held for sale acquired through fiduciary rights is TL 1.639.060 (31 December 2020: TL 1.602.442).

16. Information on Tangible Assets

	Immovables	Immovables with Right of Use	Movables	Movables with Right of Use	Operational Leasing Development Costs	Other Tangibles	Total
Prior Period End							
Cost	10.823.747	1.035.150	1.663.895	240.018	332.258	-	14.095.068
Accumulated Depreciation (-)	874.064	191.392	1.138.675	96.935	287.401	-	2.588.467
Impairment (-)	2.153	-	618	-	-	-	2.771
Net Book Value	9.947.530	843.758	524.602	143.083	44.857	-	11.503.830
Current Period End							
Net Book Value at the Beginning of the Period	9.947.530	843.758	524.602	143.083	44.857	-	11.503.830
Change During the Period (Net)	226.977	628	131.821	(16.665)	1.528	-	344.289
- Cost	242.897	34.780	240.127	14.119	10.488	-	542.411
- Depreciation – net (-)	15.549	34.152	108.306	30.784	8.960	-	197.751
- Impairment (-)	371	-	-	-	-	-	371
Net Currency Translation from Foreign Subsidiaries	41.684	997	4.927	(1.189)	1.895	-	48.314
Cost at Period End	11.108.328	1.070.927	1.908.949	252.948	344.641	-	14.685.793
Accumulated Depreciation at Period End (-)	889.613	225.544	1.246.981	127.719	296.361	-	2.786.218
Impairment (-)	2.524	-	618	-	-	-	3.142
Closing Net Book Value	10.216.191	845.383	661.350	125.229	48.280	-	11.896.433

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.

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

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

None.

19. Information on Expected Credit Loss for Financial Assets

	Current Period	Prior Period
Cash and Balances at Central Bank	4.387	6.322
Banks and Receivables from Money Markets	10.289	6.855
Financial Assets Measured at Amortized Cost	5.651	5.335
Other Assets	47.110	74.615
Total	67.437	93.127

20. Information on Other Assets

As of 30 June 2021, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

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	59.867.798	-	11.875.754	110.135.422	22.198.663	2.686.659	7.137.916	207.802	214.110.014
Foreign Currency Deposits	101.571.537	-	30.500.970	111.617.679	18.945.374	16.891.988	45.283.408	11.017	324.821.973
Residents in Turkey	81.999.557	-	29.527.403	96.910.046	12.481.032	7.728.945	16.280.580	9.016	244.936.579
Residents Abroad	19.571.980	-	973.567	14.707.633	6.464.342	9.163.043	29.002.828	2.001	79.885.394
Public Sector Deposits	14.606.969	-	5.953.560	10.700.803	699.151	452.954	82.113	-	32.495.550
Commercial Deposits	20.653.194	-	19.280.368	32.054.897	1.819.892	5.113.415	5.418.212	-	84.339.978
Other Institutions Deposits	3.152.537	-	1.914.181	13.409.274	1.100.698	949.824	522.098	-	21.048.612
Precious Metals Deposit	39.751.369	-	836.691	8.278.067	730.760	423.534	336.139	-	50.356.560
Interbank Deposits	5.433.000	-	25.507.286	3.678.427	864.183	8.560.219	2.097.574	-	46.140.689
The CBRT	7.006	-	-	-	-	-	-	-	7.006
Domestic Banks	216.395	-	24.363.611	143.305	564	-	2.047.753	-	26.771.628
Foreign Banks	5.114.258	-	1.143.675	3.535.122	863.619	8.560.219	49.821	-	19.266.714
Participation Banks	95.341	-	-	-	-	-	-	-	95.341
Other	-	-	-	-	-	-	-	-	-
Total	245.036.404	-	95.868.810	289.874.569	46.358.721	35.078.593	60.877.460	218.819	773.313.376

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

1. Information on Deposits/Funds Collected (Continued)

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	48.014.520	-	7.562.276	91.260.511	20.510.140	2.843.804	5.568.085	209.210	175.968.546
Foreign Currency Deposits	90.996.954	-	23.352.900	103.448.833	17.035.980	13.237.413	40.367.364	10.170	288.449.614
Residents in Turkey	75.717.042	-	22.370.527	90.250.701	10.546.198	5.530.704	14.516.185	8.374	218.939.731
Residents Abroad	15.279.912	-	982.373	13.198.132	6.489.782	7.706.709	25.851.179	1.796	69.509.883
Public Sector Deposits	9.785.775	-	18.323.885	11.465.709	689.739	203.345	74.892	-	40.543.345
Commercial Deposits	17.896.366	-	22.287.509	32.520.742	548.261	3.587.070	2.241.276	-	79.081.224
Other Institutions Deposits	3.488.854	-	2.866.572	16.121.648	791.308	562.211	460.252	-	24.290.845
Precious Metals Deposit	37.776.374	-	726.639	7.339.550	539.658	369.773	304.493	-	47.056.487
Interbank Deposits	6.096.456	-	19.987.356	5.698.564	2.232.920	3.545.368	1.887.515	-	39.448.179
The CBRT	2.224	-	-	-	-	-	-	-	2.224
Domestic Banks	495.511	-	18.589.118	51.984	-	622	1.801.705	-	20.938.940
Foreign Banks	5.492.499	-	1.398.238	5.646.580	2.232.920	3.544.746	85.810	-	18.400.793
Participation Banks	106.222	-	-	-	-	-	-	-	106.222
Other	-	-	-	-	-	-	-	-	-
Total	214.055.299	-	95.107.137	267.855.557	42.348.006	24.348.984	50.903.877	219.380	694.838.240

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⁾	134.411.630	114.341.657	78.649.349	60.801.597
Foreign Currency Saving Deposits ⁽¹⁾	95.031.839	93.780.765	165.365.523	136.623.674
Other Deposits in the form of Saving Deposits	-	-	-	-
Foreign Branches' Deposits under Foreign Authority Insurance ⁽²⁾	2.466.023	2.089.213	1.110.904	638.133
Off-Shore Banking Regions' under Foreign Authorities' Insurance	-	-	-	-

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

(3) 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 844.491 and TL 38.549 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2020: TL 562.575 and TL 30.001).

Based on the Council of Minister's decree dated 29 December 2003 and numbered 2003/6668, TL 499 (31 December 2020: TL 511) 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 2.304.346 (31 December 2020: TL 1.508.273) 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.

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

1. Information on Deposits/Funds Collected (Continued)

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	8.774	5.865
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	28.674	33.185
Deposits Obtained through Illegal Acts Defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004	-	-
Saving Deposits in Banks Established in Turkey Exclusively for Off-Shore Banking Activities	-	-

2. Negative Differences Statement Regarding Trading Derivative Financial Assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	152.563	3.133	46.748	549
Swap Transactions	637.702	3.028.940	1.417.814	2.021.850
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	790.265	3.032.073	1.464.562	2.022.399

3. Information on Borrowings

3.1. Information on Banks and Other Financial Institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	-	-	-	-
From Domestic Banks and Institutions	446.171	6.927.582	1.165.521	5.113.189
From Foreign Banks, Institutions and Funds	15.665	37.338.048	228.249	30.661.592
Total	461.836	44.265.630	1.393.770	35.774.781

3.2. Information on Maturity Structure of Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	445.744	5.529.503	1.164.557	2.939.194
Medium and Long-Term	16.092	38.736.127	229.213	32.835.587
Total	461.836	44.265.630	1.393.770	35.774.781

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

3. Information on Borrowings (Continued)

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

69% 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	93.669.001	-	94.932.803	-
Financial Institutions and Organizations	93.430.890	-	93.973.463	-
Other Institutions and Organizations	232.156	-	950.313	-
Real Person	5.955	-	9.027	-
From Overseas Operations	-	32.485.556	-	23.569.739
Financial Institutions and Organizations	-	32.485.556	-	23.569.739
Other Institutions and Organizations	-	-	-	-
Real Person	-	-	-	-
Total	93.669.001	32.485.556	94.932.803	23.569.739

5. Information on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bills	-	746.707	-	-
Asset-Backed Securities	3.132.257	-	4.017.250	-
Treasury Bonds	1.010.116	16.627.849	1.010.353	13.346.012
Total	4.142.373	17.374.556	5.027.603	13.346.012

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

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

7. Information on Finance Lease Liabilities (Net)

Information on finance lease liabilities represented in the table below:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	53.096	43.450	110.268	61.690
Between 1-4 Years	506.029	435.930	736.107	413.059
More than 4 Years	927.662	519.358	816.332	526.614
Total	1.486.787	998.738	1.662.707	1.001.363

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

8. Information on the Hedging Derivative Financial Liabilities

There are no hedging derivative financial liabilities.

9. Information on Provisions

9.1 Information on Provisions Related with Foreign Currency Difference of Foreign Indexed Loans

There are no foreign exchange loss provisions on foreign currency indexed loans and finance lease receivables (31 December 2020: None).

9.2. Liabilities on Reserve for Employee Termination Benefits

9.2.1. Severance Pay 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 30 June 2021, unpaid vacation liability amounted to TL 393.086 and employment termination amounted to TL 1.250.382 are presented under the “Employee Benefits Provision” in the financial statements (31 December 2020: unpaid vacation liability amounted to TL 290.280, and employment termination amounted to TL 1.256.959 are presented under the “Employee Benefits Provision” in the financial statements).

9.3. Information on Other Provisions

Except for the requirements of BRSA Accounting and Financial Reporting Legislation, the Group management provided free provision of TL 3.505.000, all of which were written off in previous periods. Moreover, the provision of TL 40.750 and other provision of TL 157 exist for cash transfers made by Bank officials. The Parent Bank has provided provision amounting to TL 2.046.251 for possible losses arising from the off-balance sheet items. (31 December 2020: These financial statements include a free provision amounting to TL 3.505.000 which consist of TL 910.000 provided in prior year and TL 2.630.000 reversed and TL 35.000 canceled in the current year by the Group management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation. Moreover, the provision of TL 40.750 and other provision of TL 157 exist for cash transfers made by the Group officials. The Parent Bank has provided provision amounting to TL 1.927.597 for non-cash loans.)

Regarding the Parent Bank’s lawsuit files, a total amount of TL 101.381 provision has been provided in financial statements for the lawsuits against the Parent Bank which are not finalized yet. (31 December 2020: TL 92.766)

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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 30 June 2021, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 1.135.145 (As of 31 December 2020, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 978.761).

10.1.2. Information on Current Taxes Payable

	Current Period	Prior Period
Corporate Tax Payable	1.135.145	978.761
Taxation on Marketable Securities	364.239	286.356
Property Tax	2.203	1.862
Banking Insurance Transaction Tax (BITT)	311.360	261.298
Foreign Exchange Transaction Tax	18.965	20.902
Value Added Tax Payable	31.309	21.524
Other	116.716	157.295
Total	1.979.937	1.727.998

10.1.3. Information on Premium Payables

	Current Period	Prior Period
Social Security Premiums – Employee	90	63
Social Security Premiums – Employer	111	93
Bank Social Aid Pension Fund Premium - Employee	20.831	17.743
Bank Social Aid Pension Fund Premium - Employer	30.550	26.008
Pension Fund Membership Fees and Provisions – Employee	1	2
Pension Fund Membership Fees and Provisions – Employer	4	4
Unemployment Insurance – Employee	1.652	1.384
Unemployment Insurance - Employer	3.304	2.768
Other	-	-
Total	56.543	48.065

10.2. Information on Deferred Tax Liabilities, if any

The Group has TL 8.294 deferred tax liability. (31 December 2020: TL 7.128)

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

11. Information on Liabilities Related to Non-Current Assets “Held for Sale” and “Held from Discontinued Operations”

The Group does not have fixed assets debt related to the activities held and discontinued for sale.
(31 December 2020: None)

12. Information on Subordinated Loan

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	-	15.352.979	-	13.816.234
Subordinated loans	-	892.590	-	768.037
Subordinated debt instruments	-	14.460.389	-	13.048.197
Debt instruments to be included in contribution capital calculation	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Total	-	15.352.979	-	13.816.234

(*) 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	13.100.000	13.100.000
Preferred stock	-	-

13.2. Amount of Paid-In-Capital, Explanations 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 Shares

There are no capital increases in the current period

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.

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

13. Information on Shareholders’ Equity (Continued)

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)	47.441	(24.632)	356.498	(24.632)
Valuation Difference	2.625.367	(1.992.029)	3.563.047	956.442
Foreign Currency Differences	2.310.608	555	2.262.057	187
Total	4.983.416	(2.016.106)	6.181.602	931.997

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	15.547.384	14.252.453
Subsidiaries and Associates Capital Contribution Commitments	3.150	3.150
Loan Granting Commitments	16.937.565	14.730.515
Commitments for Cheques Payments	6.452.053	5.098.875
Commitments for Credit Card Expenditure Limits	56.289.313	44.677.624
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	83.441	68.632
Tax and Fund Liabilities from Export Commitments	19.964	16.428
Other Irrevocable Commitments	22.561.074	21.014.255
Total	117.893.944	99.861.932

1.2. 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 2.046.251 for possible losses arising from the off-balance sheet items in the current period. (31 December 2020: TL 1.927.597).

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

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

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

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

	Current Period	Prior Period
Letters of Guarantee	142.865.906	124.706.662
Letters of Credit	32.850.740	24.663.278
Bank Acceptances	8.131.389	7.210.528
Endorsements	1.994.815	1.520.463
Other Guarantees	2.279.852	1.939.522
Other Collateral	6.674	13.550
Total	188.129.376	160.054.003

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

	Current Period	Prior Period
Letters of Certain Guarantees	84.894.744	72.970.790
Letters of Advance Guarantees	21.920.450	19.941.194
Letters of Temporary Guarantees	4.053.724	4.240.556
Letters of Guarantees Given to Customs Offices	1.747.172	1.714.398
Other Letters of Guarantees	30.249.816	25.839.724
Total	142.865.906	124.706.662

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	25.567.247	21.758.344
With Original Maturity of One Year or Less	13.613.065	11.012.186
With Original Maturity of More than One Year	11.954.182	10.746.158
Other Non-Cash Loans	162.562.129	138.295.659
Total	188.129.376	160.054.003

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⁾	29.767.465	5.024.514	22.504.900	4.273.761
Short Term Loans	7.545.158	509.386	4.772.654	352.757
Medium and Long-Term Loans	21.674.374	4.506.528	17.273.516	3.918.439
Interest on Loans Under Follow-Up	547.933	8.600	458.730	2.565
Premiums Received from the Resource Utilization Support Fund	-	-	-	-

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

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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 (Continued)**

1. Interest Income (Continued)

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	25.280	20.046	6.082	8.501
From Foreign Banks	17.668	28.819	14.257	27.010
From Headquarters and Branches Abroad	-	-	-	-
Total	42.948	48.865	20.339	35.511

1.3. Information on Interest Income on Marketable Securities

	Current Period		Prior Period	
	TL	FC	TL	FC
From Fair Value Through Profit or Loss	141.631	5.787	76.694	17.607
Fair Value Through Other Comprehensive Income	7.160.436	2.384.952	5.136.366	1.259.551
Financial Assets Measured at Amortized Cost	737.604	525.092	382.022	392.399
Total	8.039.671	2.915.831	5.595.082	1.669.557

1.4. Information on Interest Income Received from Associates and Subsidiaries

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	94.459	5.718

2. Interest Expense

2.1. Information on Interest Expense on Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	54.630	467.311	122.422	496.112
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	9.853	96.067	96.184	80.467
Foreign Banks	44.777	371.244	26.238	415.645
From Headquarters and Branches Abroad	-	-	-	-
Other Institutions	24.502	31.662	48.393	29.747
Total	79.132	498.973	170.815	525.859

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

2.2. Information on Interest Expenses Given to Associates and Subsidiaries

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	18.906	701

2.3. Information on Interest Given on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expense on Securities Issued	394.341	814.986	345.614	548.642

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

2. Interest Expense (Continued)

2.4 Maturity structure of the interest expense on deposits

Current Period Account Name	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year		
TL								
Bank Deposit	-	1.895.680	13.988	-	-	-	-	1.909.668
Saving Deposit	-	725.758	7.822.841	1.706.368	219.110	484.017	5.749	10.963.843
Public Sector Deposit	570	731.086	533.316	48.095	15.351	4.614	-	1.333.032
Commercial Deposit	71	1.718.831	2.116.210	50.940	294.192	17.401	-	4.197.645
Other Deposit	-	173.982	942.001	72.284	50.453	16.275	-	1.254.995
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	641	5.245.337	11.428.356	1.877.687	579.106	522.307	5.749	19.659.183
FC								
Foreign Currency Deposit	1.336	125.879	661.998	66.130	76.731	209.726	2	1.141.802
Bank Deposit	29	1.569	26.794	1.404	8.084	21.115	-	58.995
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	1.917	18.965	1.725	1.033	795	-	24.435
Total	1.365	129.365	707.757	69.259	85.848	231.636	2	1.225.232
Grand Total	2.006	5.374.702	12.136.113	1.946.946	664.954	753.943	5.751	20.884.415

Prior Period Account Name	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	-	684.369	1.389	-	165	-	-	685.923
Saving Deposit	-	239.879	3.350.574	1.438.383	137.486	576.155	11.320	5.753.797
Public Sector Deposit	248	353.306	222.160	31.833	108.040	3.976	-	719.563
Commercial Deposit	42	717.517	780.949	31.215	257.221	39.529	-	1.826.473
Other Deposit	-	123.957	286.366	101.110	55.757	13.809	-	580.999
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	290	2.119.028	4.641.438	1.602.541	558.669	633.469	11.320	9.566.755
FC								
Foreign Currency Deposit	678	62.501	326.593	38.019	73.834	192.211	4	693.840
Bank Deposit	9	7.750	8.228	3.303	5.539	772	-	25.601
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	1.838	6.211	707	934	698	-	10.388
Total	687	72.089	341.032	42.029	80.307	193.681	4	729.829
Grand Total	977	2.191.117	4.982.470	1.644.570	638.976	827.150	11.324	10.296.584

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(Continued)**

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

3. Information on Trading Profit/Loss (Net)

	Current Period	Prior Period
Profit	132.785.397	74.611.409
Trading Gains on Securities	179.271	2.723.442
Gains on Derivative Financial Transactions	5.287.205	4.459.547
Foreign Exchange Gains	127.318.921	67.428.420
Loss (-)	137.726.844	77.354.731
Trading Losses on Securities	103.034	7.178
Losses on Derivative Financial Transactions	10.910.909	7.186.621
Foreign Exchange Losses	126.712.901	70.160.932

4. Information on Other Operating Income

Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 2.015.861 and income from sales of assets amounting to TL 163.677 (30 June 2020: Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 1.295.341 and income from sales of assets amounting to TL 97.907).

5. Expected Credit Loss and Other Provision Expense

	Current Period	Prior Period
Expected Credit Loss Provision	4.235.406	5.715.733
12 Month Expected Credit Loss (Stage 1)	283.836	947.303
Significant Increase in Credit Risk (Stage 2)	1.733.105	2.426.108
Non-Performing Loans (Stage 3)	2.218.465	2.342.322
Marketable Securities Impairment Provision	108.337	7.404
Financial Assets at Fair Value Through Profit or Loss	-	131
Financial Assets at Fair Value Through Other Comprehensive Income	108.337	7.273
Associates, Subsidiaries and Entities Under Common Control Impairment Provision	-	-
Associates	-	-
Subsidiaries	-	-
Entities Under Common Control	-	-
Other (*)	55.028	2.135.383
Total	4.398.771	7.858.520

(*) Includes free provision expense amounting to TL 2.010.000 in the prior period.

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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
Provision for Employee Termination Benefits	226.197	146.729
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	290.959	225.480
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	75.454	63.968
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	2.310.205	1.963.287
Leasing Expenses on TFRS 16 Exceptions	41.763	38.283
Maintenance Expenses	115.017	64.557
Advertisement Expenses	156.840	138.162
Other Expenses	1.996.585	1.722.285
Loss on Sales of Assets	1.448	1.333
Other ⁽¹⁾	1.719.995	1.838.447
Total	4.624.258	4.239.244

⁽¹⁾ TL 769.130 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 528.299 consists of taxes, duties and charges expense (30 June 2020: TL 680.993 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 490.427 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	14.674.824	19.965.376
Net Fees and Commissions Income	2.627.334	1.251.309
Other Operating Income	2.722.573	1.796.514
Dividend Income	8.248	1.487
Trading Profit/Loss (Net)	(4.941.447)	(2.743.322)
Personnel Expenses (-)	2.784.826	2.690.993
Expected Credit Loss (-)	4.235.406	5.715.733
Other Provision Expenses (-)	163.365	2.142.787
Other Operating Expenses (-)	4.624.258	4.239.244
Profit/Loss from Investments in Subsidiaries Consolidated based on Equity Method	41.027	26.189
Current Period Profit/Loss from Continued Operations	3.324.704	5.508.796

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

**7. Information on Profit/Loss Before Tax from Continuing and Discontinuing Operations
(Continued)**

The content of profit/loss before tax regarding the discontinued operations of the Group is given below:

	Current Period	Prior Period
Income from Discontinued Operations	-	2.473.439
Expenses from Discontinued Operations (-)	-	535.466
Profit / Loss Before Taxes from Discontinued Operations	-	1.937.973

8. Information on Tax Provision of Continued and Discontinued Operations

As of 30 June 2020 TL 954.722 of the Group's tax provision expense consists of TL 2.044.504 of current tax expense and TL 1.089.782 of deferred tax expense. (As of 30 June 2020, TL 1.816.228 of the Group's total continuing operations tax provision expense consists of amounting to TL 2.595.846 current tax expense while remaining balances amounting to TL 779.618 consists of deferred tax income.)

The Group has no discontinued operations as of 30 June 2021 (As of 30 June 2020, the Group's tax provision expense from discontinued operations amounting to TL 81.405, TL 78.057 consists of current tax expense from discontinued operations, and TL 3.348 consists of deferred tax expense from discontinued operations.).

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

The Group's net profit from continuing operations is 2.369.982 TL (30 June 2020: Group's net profit from continuing operations is 3.692.568 TL, and net profit from discontinued operations is 1.856.568 TL).

10. Explanation 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 Parent Bank in the Current Period

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

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.

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

**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 commission and fees received from credit card transactions and banking transactions.

**V. EXPLANATIONS AND NOTES RELATED TO RISK GROUP THAT THE GROUP 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 the Deposits of the Parent 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 Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Current Period						
Loans						
Beginning Balance	1.138.436	27.516	-	-	-	-
Ending Balance	1.993.180	108.549	-	-	-	-
Interest and Commissions Income	94.459	570	-	-	-	-

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Prior Period						
Loans						
Beginning Balance	317.906	87.558	-	-	-	-
Ending Balance	1.138.436	27.516	-	-	-	-
Interest and Commissions Income	5.718	243	-	-	-	-

1.2 Information on Deposits of the Group’s Risk Group

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Beginning of the Period	283.286	111.739	-	-	-	-
End of the Period	210.141	283.286	-	-	-	-
Interest Expense on Deposits ⁽¹⁾	18.906	701	-	-	-	-

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

**V. EXPLANATIONS AND NOTES RELATED TO RISK GROUP THAT THE GROUP BELONGS
TO (Continued)**

**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 (Continued)**

**1.3. Information on forward and option agreements and other similar agreements made with the
Group’s Risk Group**

None. (31 December 2020: None)

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

Fees paid to The Group’s key management amount to TL 27.388 (30 June 2020: TL 21.458).

VI EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

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SECTION SIX

EXPLANATION ON AUDIT REPORT

I. EXPLANATIONS ON AUDIT REPORT

As of 30 June 2021, consolidated financial statements and explanatory notes of the Parent Bank disclosed herein were reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and Auditors’ Report dated 13 August, 2021 is presented preceding the 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

With the support of the spread of vaccination to a wider geography, we left behind a quarter in which global economic activity continued to recover. Although the imbalances in access to vaccines continued in the second quarter of the year, the acceleration in vaccination brought about easing of restrictions in some countries and enabled the service sector, which was deeply affected by the epidemic, to revive. Global trade and the manufacturing industry, which have supported growth significantly since the first period of the pandemic, continued their positive performance in the past quarter.

The fact that some virus variants caused an increase in cases, especially in Asian countries where vaccination is low, caused the uncertainty regarding the course of the pandemic to continue. With the differentiation of the normalization process between countries, the level of recovery between developed and developing countries also diverged.

While the high course of commodity prices continued as a result of global economic activity and supply constraints, which were stronger than anticipated with the contribution of monetary and fiscal incentives, a quarter was left behind in which the sensitivity to inflation continued along with increasing logistics costs. The fact that the US Federal Reserve pointed out in its June meeting that it might increase the interest rates earlier than the projections, also strengthened the possibility of a timely tightening in monetary policies.

Leading indicators pointed out that the Turkish economy displayed a growth performance above market expectations in the second quarter, with the contribution of the strong external demand and the acceleration in vaccination since June. Despite the tight financial conditions and the coronavirus restrictions applied from time to time, the lack of a sharp slowdown in domestic demand also supported growth in this period.

Increasing trend in exports and the positive developments in tourism with the the acceleration of vaccination indicate that a more balanced growth composition will be observed in the rest of 2021. The progress in the vaccination process and the continuation of the recovery of the European economies, which were most affected by the epidemic at the beginning of the pandemic, brings along the expectation of a strong upward trend in exports. While reaching a record export figure in the second quarter, it is predicted that the level of USD 200 billion, which is the MTP target for the next year, can be exceeded this year. The government officials estimate that the Turkish economy can complete the year with a strong growth performance of around 7%.

As a developing country, the efficiency of the financial services to be provided by the banking sector is an important factor for our economy. Ziraat Bank, the leading bank of the banking sector, has reached a balance sheet size of more than TL 1 trillion with its focus mainly on the financing of the real sector and TL-denominated financing, and it manages this size in a way that adds the most value to our economy with a selective credit policy.

Burhaneddin TANYERİ
Chairman of the board

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CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 JUNE 2021**

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

EXPLANATION ON INTERIM ACTIVITY REPORT (Continued)

II. Assessment of General Manager

As the effects of the global pandemic continue with new mutations, a challenging period continues both on a global basis and for our country, pursuant to the differences in the rate of vaccination on a country basis, the signals of change in the monetary policies of developed countries, and the volatility in food and commodity prices. We were saddened by the flood and fire disasters in our country, but we started to heal our wounds together. We have rapidly implemented practices that will provide greater financial facilities to those who have been harmed in these regions. Apart from financial convenience, we have also taken steps to support these regions, especially afforestation. As the morale bank of our country, we will continue to offer the highest support anytime and anywhere, today as we did in the past.

Despite the tough period experienced with the effect of the pandemic, we expect that the recovery in our economy will take place in the 4th quarter after the rapid rate of vaccination, the normalization of life and the practices of Economy Management.

Ziraat Bank continues to grow through loans, especially by funding the real sector, with a selective loan policy in order to contribute the most to our economy. Our assets have exceeded TL 1 trillion, our cash loans have reached TL 652 billion, and our total loans, including our non-cash loans, have reached TL 819 billion. 63% of our balance sheet consists of cash loans.

As a result of our focus on financing the real sector, approximately 75% of our loans consist of corporate loans. We also attach importance to extending our loans mainly in Turkish Lira.

We continue to support all sectors, primarily agriculture, in corporate loans. In addition to being the leading bank that finances the agricultural sector, whose value is appreciated at all times, but which has become even more prominent in recent years, we also carry out important studies with relevant institutions for the solution of structural problems. Many support facilities and projects are carried out to increase the added value of agriculture, such as the training of young farmers, the development of small cattle breeding, the reduction of agricultural product imports, the economies of scale, and the increase of mechanization and productivity.

While the majority of our loans is corporate loans, we are also the leading bank of the sector in retail loans. In addition to housing and consumer loans, we also rank first in the sector in terms of debit cards. We have also gained a significant share in the credit card and merchant services market.

We continue our investments in digital banking and centralization of operations. The number of our active digital customers has reached 15 million.

As deposits continue to be our main funding source in financing our assets, it has reached a size of TL 703 billion. While contributing to the development of our country's savings balance with various deposit products, we also attend to preserve the widespread structure of deposits. In addition, we continue to provide funding from abroad through different products and methods such as foreign currency repo, bilateral agreements and funds from international financial institutions, eurobond issuance, post financing loans and syndication loans in order to diversify our funding structure and provide funding for our country.

While providing services to our customers abroad with our extensive correspondent banking network, foreign branches and subsidiaries, we also support the financing of foreign trade transactions.

Ziraat Bank, within the responsibility of being the leading bank of the sector, manages its balance sheet in a way that contributes the most to our economy, with a focus on efficiency and customers. As a morale bank as well as being the leading bank of our country, we will continue our efforts to provide effective and proper support anytime and anywhere.

Alpaslan ÇAKAR
Member of the Board and CEO

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EXPLANATION ON INTERIM ACTIVITY REPORT (Continued)

III. Corporate Profile

Since its establishment in 1863, Ziraat Bank has 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.

Always alongside the farmers, the trader, the businessperson, the industrialist, the entrepreneur, the retired and the employee, producing effective financial solutions to meet all financial needs of them, the Bank 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 13.100.000.000. The Parent 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 Parent Bank.

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EXPLANATION ON INTERIM ACTIVITY REPORT (Continued)

V. Main Consolidated Financial Indicators

ASSETS (TL Million)	30.06.2021	31.12.2020
Cash and Cash Equivalents	117.481	104.967
Securities Portfolio	265.840	233.215
Cash Loans	716.242	657.510
Other Assets	21.165	22.841
Total Assets	1.120.728	1.018.533
LIABILITIES (TL Million)	30.06.2021	31.12.2020
Deposits	773.313	694.838
Non-deposits Funds	207.752	187.861
Other Liabilities	44.694	40.760
Shareholders' Equity	94.969	95.074
Total Liabilities	1.120.728	1.018.533
CHOSEN INCOME-EXPENSES (TL Million)	30.06.2021	30.06.2020
Net Interest Income	14.675	19.965
Net Fees and Commission Income	2.627	1.251
Other Operating Income	2.723	1.797
Other Operating Expense	4.624	4.239
Expected Credit Loss	4.235	5.716
Net Profit/Losses	2.370	5.549
RATIOS (%)	30.06.2021	31.12.2020
Capital Adequacy Ratio	15,69	17,25
Equity / Total Assets	8,5	9,3
Cash Loans (Gross) / Total Assets	63,9	64,6
Loans under follow-up (Gross) / Total Loans	2,5	2,5
Liquid Assets / Total Assets	10,5	10,3

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