

*(Convenience Translation of Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish, See Section 3.1)*

Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi

Unconsolidated Financial Statements
As of and For the Three-Month Period Ended 31 March 2018
With Auditor's Review Report Thereon
*(Convenience Translation of Unconsolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)*

30 April 2018

*This report contains "Independent Auditors' Review Report"
comprising 2 pages and; "Unconsolidated Financial Statements
and Related Disclosures and Footnotes" comprising 119 pages.*

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

REVIEW REPORT ON UNCONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying unconsolidated statements of financial position of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. (the "Bank") as at 31 March 2018 and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial information for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of these interim financial information in accordance with the "Banking Regulation and Supervision Agency (BRSA) Accounting and 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 Board and Turkish Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by afore-mentioned legislations. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "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 consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for the Qualified Conclusion

As mentioned in Section II. Note 9.3.1 of Explanations and Notes to the Unconsolidated Financial Statements, the accompanying unconsolidated interim financial information as of 31 March 2018 include general provision of total TL 1.475.000 thousands, that had been fully recognized as expense in prior periods, which is provided by the Bank management for the possible effects of the negative circumstances which may arise in economy or market conditions.

Qualified Conclusion

Based on our review, except for the effect of the matter described in the basis for the qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial information do not presented fairly in all material respects, the financial position of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. at 31 March 2018, and its unconsolidated financial performance and its cash flows for the three-month period then ended in all aspects 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 interim financial information provided in the accompanying interim activity report in section seven, are not consistent with the reviewed unconsolidated interim financial statements and disclosures in all material respects.

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

Erdal Tıkmak, SMMM
Partner

30 April 2018
İstanbul, Turkey

Additional paragraph for convenience translation to English:

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

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

**THE UNCONSOLIDATED FINANCIAL REVIEW REPORT OF
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 31 MARCH 2018**

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

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

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES
- EXPLANATIONS ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
- REVIEW REPORT
- INTERIM ACTIVITY REPORT

The accompanying unconsolidated financial statements and notes to these financial statements for three months 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.

Muharrem KARSLI
Chairman of the Board,
Member of the Audit Committee

Hüseyin AYDIN
Member of the Board,
CEO

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

Ali KIRBAŞ
Banking Operations and
Communication
Executive Vice President

Atakan BEKTAŞ
Senior Vice President
of Reporting and Data
Management

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

Name/Title : Serkan ÖZKAN / Financial Statements Manager
Telephone Number : 0312 584 59 32
Fax Number : 0312 584 59 38

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CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2018

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

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

I. HISTORY OF THE BANK INCLUDING ITS INCORPORATION DATE, INITIAL LEGAL STATUS AND AMENDMENTS TO LEGAL STATUS, IF ANY

The foundation of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. (“Ziraat Bankası” or “the Bank”) is based on Government Funds established in 1863. In 1883, Government Funds were replaced with Benefit Funds. The Bank was officially established by the re-organization of the Benefit Funds in 1888, to grant loans to farmers, to accept interest-bearing deposits and to act as a moneylender and an intermediary for agricultural operations. All shares of The Bank, which was given the authority to perform all the banking activities, belonged to the Republic of Turkey Prime Ministry Undersecretariat of Treasury (“Treasury”) transferred to the Turkish Wealth Fund with the decision of the Council of Ministers numbered 2017/9756 dated 24 January 2017. The Bank’s head office is located in Ankara.

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

The total share capital of the Bank is TL 5.600.000. This capital is divided into 5.600.000.000 registered share with a nominal value of TL 1 each and is fully paid. The Bank’s sole shareholder is the Turkish Wealth Fund.

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

Name	Administrative Function
Members of the Board of Directors	
Muharrem KARSLI	Chairman
Hüseyin AYDIN	CEO and Member
Yusuf DAĞCAN	Vice Chairman and Member
Cemalettin BAŞLI	Member
Feyzi ÇUTUR	Member
Metin ÖZDEMİR	Member
Mustafa ÇETİN	Member
Salim ALKAN	Member
Yusuf BİLMEZ	Member
Audit Committee Members	
Muharrem KARSLI	Member
Feyzi ÇUTUR	Member
Executive Vice Presidents	
Ali KIRBAŞ	Banking Operations and Communication
Alpaslan ÇAKAR	Payment Systems
Bilgehan KURU	Treasury and International Banking
Bülent SUER	Internal Operations
Mehmet Cengiz GÖĞEBAKAN	Loan Policies
Musa ARDA	Loan Allocation and Management
Peyami Ömer ÖZDİLEK	Human Resources
Süleyman TÜRETKEN	Branch Banking
Yüksel CESUR	Internal Systems

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2018

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

SECTION ONE (Continued)

GENERAL INFORMATION ABOUT THE BANK (Continued)

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

Name/Trade Name	Amount of Share	Percentage of Share (%)	Paid-in Shares	Unpaid Shares
Turkish Wealth Fund	5.600.000	100	5.600.000	-

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

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

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

As of 31 March 2018, Bank carries its activities with a grand total of 1.780 branches; 1.759 domestic branches including 20 corporate branches, 94 entrepreneurial branches, 1.640 branches and 5 mobile branches (31 December 2017: 1.759 domestic branches including 1.639 branches, 20 corporate branches, 95 entrepreneurial branches and 5 mobile branches) and 21 branches abroad 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 branch in Kosovo, Bahrain branch in Bahrain, Lefkoşa, Girne, Güzelyurt, Gazimağusa, Gönyeli, Akdoğan, Karaoğlanoğlu and İskele branches in Turkish Republic of Northern Cyprus. The Bank also has 1 representative office in Tehran, Iran. The Bank's number of employee is 24.681 (31 December 2017: 24.554).

The Bank signed a contract with T. İş Bankası A.Ş. on 22 January 2007 to provide longer installment plan and bonus points to their credit card users and benefit from all the advantages within Maximum credit card at merchants that are a part of Maximum plan. Also with this contract the Bank has the right to register members for Maximum. Transactions between the two banks are administered by Bankalararası Kart Merkezi. Moreover, the project, which was launched in 2017, has reached the final stage for the establishment of the card branding and loyalty program of Ziraat Bank and it is put into practice in February 2018. Within the scope of the program, the credit card product will be presented together to the users with the bank card product by one plastic. In addition, new features of saving and budget friendly qualities will be brought into action for both credit card and bank card products which the bank is the leader.

Başakkart is a bank card through which demand deposit accounts and agricultural loan accounts can be linked. Bank can associate Başakkart with enterprise loans below TL 100 and agricultural loan limits in line with the demands of the customers. All limits of loan accounts assigned to the Başakkart can be used via POS machines of the Bank in Başakkart Member Business points for the purchase of agricultural inputs (feed, grain, fuel, etc.). According to preferences of customers, maximum 90% of cash limits of loan accounts can be used through the branches/ATMs of the Bank. Repayments regarding the transactions with Başakkart can be made through the branches of the Bank. Agricultural products/services obtained by using Başakkart are repaid without any interest charge within the time periods defined by the Bank.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2018

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

SECTION ONE (Continued)

GENERAL INFORMATION ABOUT THE BANK (Continued)

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

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

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

All other subsidiaries are fully consolidated.

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

None.

SECTION TWO

Current Period Unconsolidated Financial Statements

- I. Balance Sheet-Assets
- II: Balance Sheet-Equity and Liabilities
- III. Off-balance sheet commitments
- IV. Statement of profit or loss
- V. Statement of profit or loss and other comprehensive income
- VI. Statement of changes in shareholders' equity
- VII. Statement of cash flows

Prior Period Unconsolidated Financial Statements

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CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 MARCH 2018

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Note (Section Five I)	Current Period 31 March 2018		
			TL	FC	Total
ASSETS					
I.	FINANCIAL ASSETS (NET)		55.922.866	71.410.385	127.333.251
1.1	Cash and Cash Equivalents		5.456.914	47.447.228	52.904.142
1.1.1	Cash and Balances with Central Bank	(1)	4.130.527	44.835.836	48.966.363
1.1.2	Banks	(4)	845.092	2.611.392	3.456.484
1.1.3	Money Markets		481.295	-	481.295
1.2	Financial Assets Measured at Fair Value Through Profit or Loss	(2)	8.231	20.132	28.363
1.2.1	Government Securities		8.231	20.132	28.363
1.2.2	Equity Securities		-	-	-
1.2.3	Other Financial Assets		-	-	-
1.3	Financial Assets Measured at Fair Value Through Other Comprehensive Income	(5, 6)	47.622.128	18.686.988	66.309.116
1.3.1	Government Securities		47.509.332	17.587.775	65.097.107
1.3.2	Equity Securities		112.795	990.214	1.103.009
1.3.3	Other Financial Assets		1	108.999	109.000
1.4	Financial Assets Measured at Amortised Cost	(8)	1.917.881	4.975.076	6.892.957
1.4.1	Government Securities		1.811.461	4.974.062	6.785.523
1.4.2	Other Financial Assets		106.420	1.014	107.434
1.5	Derivative Financial Assets	(3)	935.082	281.082	1.216.164
1.5.1	Derivative Financial Assets Measured at Fair Value Through Profit or Loss		935.082	281.082	1.216.164
1.5.2	Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-
1.6	Non-Performing Financial Assets		-	-	-
1.7	Expected Credit Loss (-)	(20)	17.370	121	17.491
II.	LOANS (NET)	(7)	231.141.867	82.124.949	313.266.816
2.1	Loans		230.751.539	82.125.136	312.876.675
2.1.1	Measured at Amortised Cost		230.751.539	82.125.136	312.876.675
2.1.2	Fair Value Through Profit or Loss		-	-	-
2.1.3	Fair Value Through Other Comprehensive Income		-	-	-
2.2	Lease Receivables	(12)	-	-	-
2.2.1	Financial Lease Receivables		-	-	-
2.2.2	Operating Lease Receivables		-	-	-
2.2.3	Unearned Income (-)		-	-	-
2.3	Factoring Receivables		-	-	-
2.3.1	Measured at Amortised Cost		-	-	-
2.3.2	Fair Value Through Profit or Loss		-	-	-
2.3.3	Fair Value Through Other Comprehensive Income		-	-	-
2.4	Non-Performing Loans		5.332.797	20.711	5.353.508
2.5	Expected Credit Loss (-)		4.942.469	20.898	4.963.367
2.5.1	12 Month Expected Credit Losses (Stage I)		496.717	2.465	499.182
2.5.2	Significant Increase in Credit Risk (Stage II)		273.674	159	273.833
2.5.3	Credit-Impaired Losses (Stage III / Special Provision)		4.172.078	18.274	4.190.352
III.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(16)	864.192	-	864.192
3.1	Held for Sale Purpose		864.192	-	864.192
3.2	Related to Discontinued Operations		-	-	-
IV.	EQUITY INVESTMENTS		3.630.385	2.181.506	5.811.891
4.1	Investments in Associates (Net)	(9)	94.912	-	94.912
4.1.1	Associates Valued Based on Equity Method		-	-	-
4.1.2	Unconsolidated Associates		94.912	-	94.912
4.2	Subsidiaries (Net)	(10)	3.535.473	2.109.011	5.644.484
4.2.1	Unconsolidated Financial Subsidiaries		3.529.236	2.109.011	5.638.247
4.2.2	Unconsolidated Non-Financial Subsidiaries		6.237	-	6.237
4.3	Joint Ventures (Net)	(11)	-	72.495	72.495
4.3.1	Joint Ventures Valued Based on Equity Method		-	72.495	72.495
4.3.2	Unconsolidated Joint Ventures		-	72.495	72.495
V.	PROPERTY AND EQUIPMENT (Net)	(17)	5.174.419	8.291	5.182.710
VI.	INTANGIBLE ASSETS (Net)		460.135	7.483	467.618
6.1	Goodwill		-	-	-
6.2	Other		460.135	7.483	467.618
VII.	INVESTMENT PROPERTY (Net)	(14)	-	-	-
VIII.	CURRENT TAX ASSET		815	72	887
IX.	DEFERRED TAX ASSET	(15)	302.705	-	302.705
X.	OTHER ASSETS		3.042.732	1.096.272	4.139.004
TOTAL ASSETS			300.540.116	156.828.958	457.369.074

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 MARCH 2018

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

II. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five II)	Current Period 31 March 2018		
		TL	FC	Total
LIABILITIES AND EQUITY				
I. DEPOSITS	(1)	166.954.303	115.979.084	282.933.387
II. FUNDS BORROWED	(3)	1.925.549	30.571.539	32.497.088
III. MONEY MARKETS	(4)	41.240.747	14.753.956	55.994.703
IV. SECURITIES ISSUED (Net)	(5)	3.790.703	9.569.073	13.359.776
4.1 Bills		3.790.703	145.446	3.936.149
4.2 Asset Backed Securities		-	-	-
4.3 Bonds		-	9.423.627	9.423.627
V. FUNDS		6.079.553	-	6.079.553
5.1 Borrower Funds		-	-	-
5.2 Other		6.079.553	-	6.079.553
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)	185.003	382.769	567.772
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		185.003	382.769	567.772
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-
VIII. FACTORING LIABILITIES		-	-	-
IX. LEASE LIABILITIES (Net)	(7)	-	613	613
9.1 Financial Lease		-	622	622
9.2 Operating Lease		-	-	-
9.3 Other		-	-	-
9.4 Deferred Financial Lease Expenses (-)		-	9	9
X. PROVISIONS	(9)	3.277.930	44.207	3.322.137
10.1 Restructuring Provisions		-	-	-
10.2 Reserve for Employee Benefits		1.350.050	-	1.350.050
10.3 Insurance Technical Provisions (Net)		-	-	-
10.4 Other Provisions		1.927.880	44.207	1.972.087
XI. CURRENT TAX LIABILITY	(10)	1.472.082	896	1.472.978
XII. DEFERRED TAX LIABILITY		-	-	-
XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(11)	-	-	-
13.1 Held for Sale Purpose		-	-	-
13.2 Related to Discontinued Operations		-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(12)	-	-	-
14.1 Loans		-	-	-
14.2 Other Debt Instruments		-	-	-
XV. OTHER LIABILITIES	(6)	5.319.797	2.510.179	7.829.976
XVI. SHAREHOLDERS' EQUITY	(13)	53.138.593	172.498	53.311.091
16.1 Paid-in capital		5.600.000	-	5.600.000
16.2 Capital Reserves		(363)	-	(363)
16.2.1 Share Premium		-	-	-
16.2.2 Share Cancellation Profits		-	-	-
16.2.3 Other Capital Reserves		(363)	-	(363)
16.3 Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss		3.705.475	-	3.705.475
16.4 Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss		(1.015.837)	172.498	(843.339)
16.5 Profit Reserves		29.660.259	-	29.660.259
16.5.1 Legal Reserves		3.604.355	-	3.604.355
16.5.2 Status Reserves		-	-	-
16.5.3 Extraordinary Reserves		24.630.569	-	24.630.569
16.5.4 Other Profit Reserves		1.425.335	-	1.425.335
16.6 Profit or (Loss)		15.189.059	-	15.189.059
16.6.1 Prior Periods' Profit or (Loss)		13.458.998	-	13.458.998
16.6.2 Current Period Profit or (Loss)		1.730.061	-	1.730.061
16.7 Minority Interest		-	-	-
TOTAL LIABILITIES AND EQUITY		283.384.260	173.984.814	457.369.074

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CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AS OF 31 MARCH 2018

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

III.	STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period 31 March 2018		
			TL	FC	Total
A	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		77.633.255	174.778.107	252.411.362
I.	GUARANTEES AND WARRANTIES	(1)	33.677.170	66.350.535	100.027.705
1.1	Letters of Guarantee		33.448.246	45.706.722	79.154.968
1.1.1	Guarantees Subject to State Tender Law		1.530.331	8.237.207	9.767.538
1.1.2	Guarantees Given for Foreign Trade Operations		27.967.820	36.518.512	64.486.332
1.1.3	Other Letters of Guarantee		3.950.095	951.003	4.901.098
1.2	Bank Acceptances		17.495	5.727.634	5.745.129
1.2.1	Import Letter of Acceptance		17.495	5.721.794	5.739.289
1.2.2	Other Bank Acceptances		-	5.840	5.840
1.3	Letters of Credit		211.429	14.916.179	15.127.608
1.3.1	Documentary Letters of Credit		211.429	14.872.439	15.083.868
1.3.2	Other Letters of Credit		-	43.740	43.740
1.4	Prefinancing Given as Guarantee		-	-	-
1.5	Endorsements		-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-
1.5.2	Other Endorsements		-	-	-
1.6	Purchase Guarantees on Marketable Security Issuance		-	-	-
1.7	Factoring Guarantees		-	-	-
1.8	Other Guarantees		-	-	-
1.9	Other Collaterals		-	-	-
II.	COMMITMENTS	(1)	26.105.808	6.956.489	33.062.297
2.1	Irrevocable Commitments		26.105.808	6.956.489	33.062.297
2.1.1	Asset Purchase and Sale Commitments		389.784	2.582.778	2.972.562
2.1.2	Deposit Purchase and Sales Commitments		-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-
2.1.4	Loan Granting Commitments		5.572.616	6.316	5.578.932
2.1.5	Securities Issue Brokerage Commitments		-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-
2.1.7	Commitments for Cheques		4.127.811	-	4.127.811
2.1.8	Tax and Fund Liabilities from Export Commitments		-	-	-
2.1.9	Commitments for Credit Card Limits		8.988.463	-	8.988.463
2.1.10	Commitments for Credit Cards and Banking Services Promotions		26.931	-	26.931
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		7.000.203	4.367.395	11.367.598
2.2	Revocable Commitments		-	-	-
2.2.1	Revocable Loan Granting Commitments		-	-	-
2.2.2	Other Revocable Commitments		-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS		17.850.277	101.471.083	119.321.360
3.1	Hedging Derivative Financial Instruments		-	-	-
3.1.1	Transactions for Fair Value Hedge		-	-	-
3.1.2	Transactions for Cash Flow Hedge		-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-
3.2	Trading Transactions		17.850.277	101.471.083	119.321.360
3.2.1	Forward Foreign Currency Buy/Sell Transactions		3.457.238	7.366.539	10.823.777
3.2.1.1	Forward Foreign Currency Transactions-Buy		1.512.977	3.911.763	5.424.740
3.2.1.2	Forward Foreign Currency Transactions-Sell		1.944.261	3.454.776	5.399.037
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		14.027.032	93.746.032	107.773.055
3.2.2.1	Foreign Currency Swap-Buy		21.333	48.536.901	48.558.234
3.2.2.2	Foreign Currency Swap-Sell		14.005.690	34.192.267	48.197.957
3.2.2.3	Interest Rate Swap-Buy		-	5.508.432	5.508.432
3.2.2.4	Interest Rate Swap-Sell		-	5.508.432	5.508.432
3.2.3	Foreign Currency, Interest rate and Securities Options		366.016	358.512	724.528
3.2.3.1	Foreign Currency Options-Buy		180.508	181.893	362.401
3.2.3.2	Foreign Currency Options-Sell		185.508	176.619	362.127
3.2.3.3	Interest Rate Options-Buy		-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-
3.2.3.5	Securities Options-Buy		-	-	-
3.2.3.6	Securities Options-Sell		-	-	-
3.2.4	Foreign Currency Futures		-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-
3.2.5	Interest Rate Futures		-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-
3.2.6	Other		-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		1.178.663.176	148.010.880	1.326.674.056
IV.	ITEMS HELD IN CUSTODY		407.425.013	21.300.610	428.725.623
4.1	Customer Fund and Portfolio Balances		-	-	-
4.2	Investment Securities Held in Custody		8.062.777	7.368.448	15.431.225
4.3	Checks Received for Collection		8.955.190	1.043.173	9.998.363
4.4	Commercial Notes Received for Collection		8.519.291	482.121	9.001.412
4.5	Other Assets Received for Collection		8.816	-	8.816
4.6	Assets Received for Public Offering		359.994.954	-	359.994.954
4.7	Other Items Under Custody		21.882.336	12.406.868	34.289.204
4.8	Custodians		1.649	-	1.649
V.	PLEDGES RECEIVED		770.289.917	124.275.386	894.565.303
5.1	Marketable Securities		1.703.569	515.207	2.218.776
5.2	Guarantee Notes		15.819.784	1.199.458	17.019.242
5.3	Commodity		1.085.366	65.625	1.150.991
5.4	Warranty		-	-	-
5.5	Immovable		674.902.405	87.100.505	762.002.910
5.6	Other Pledged Items		76.773.584	35.379.768	112.153.352
5.7	Pledged Items-Depository		5.209	14.823	20.032
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		948.246	2.434.884	3.383.130
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		1.256.296.431	322.788.987	1.579.085.418

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CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF 31 MARCH 2018
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

IV. STATEMENT OF PROFIT OR LOSS		
	Note (Section Five IV)	Current Period 1 January-31 March 2018
INCOME STATEMENT		
I. INTEREST INCOME	(1)	10.068.552
1.1 Interest on Loans		8.275.979
1.2 Interest on Reserve Requirements		115.090
1.3 Interest on Banks		43.623
1.4 Interest on Money Market Transactions		9.791
1.5 Interest on Marketable Securities Portfolio		1.599.898
1.5.1 Fair Value Through Profit or Loss		335
1.5.2 Fair Value Through Other Comprehensive Income		1.456.518
1.5.3 Measured at Amortised Cost		143.045
1.6 Financial Lease Income		-
1.7 Other Interest Income		24.171
II. INTEREST EXPENSE (-)	(2)	5.432.877
2.1 Interest on Deposits		3.534.130
2.2 Interest on Funds Borrowed		240.399
2.3 Interest Expense on Money Market Transactions		1.376.443
2.4 Interest on Securities Issued		229.147
2.5 Other Interest Expenses		52.758
III. NET INTEREST INCOME (I - II)		4.635.675
IV. NET FEES AND COMMISSIONS INCOME		615.975
4.1 Fees and Commissions Received		749.911
4.1.1 Non-cash Loans		137.381
4.1.2 Other	(11)	612.530
4.2 Fees and Commissions Paid		133.936
4.2.1 Non-cash Loans		121
4.2.2 Other		133.815
V. PERSONNEL EXPENSE (-)		704.122
VI. DIVIDEND INCOME		2.028
VII. TRADING INCOME/(LOSS) (Net)	(3)	(577.508)
7.1 Trading Gains / (Losses) on Securities		1.535
7.2 Gains / (Losses) on Derivative Financial Transactions		(450.032)
7.3 Foreign Exchange Gains / (Losses)		(129.011)
VIII. OTHER OPERATING INCOME	(4)	433.596
IX. GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)		4.405.644
X. EXPECTED CREDIT LOSS (-)	(5)	1.038.305
XI. OTHER OPERATING EXPENSES (-)	(6)	1.115.346
XII. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		2.251.993
XIII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-
XIV. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-
XV. INCOME/(LOSS) ON NET MONETARY POSITION		-
XVI. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)	(7)	2.251.993
XVII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(8)	(521.932)
17.1 Current Tax Provision		(694.169)
17.2 Deferred Tax Income Effect (+)		(327.807)
17.3 Deferred Tax Expense Effect (-)		500.044
XVIII. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)	(9)	1.730.061
XIX. INCOME FROM DISCONTINUED OPERATIONS		-
19.1 Income from Non-current Assets Held for Sale		-
19.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-
19.3 Income from Other Discontinued Operations		-
XX. EXPENSES FOR DISCONTINUED OPERATIONS (-)		-
20.1 Expenses for Non-current Assets Held for Sale		-
20.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-
20.3 Expenses for Other Discontinued Operations		-
XXI. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)		-
XXII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-
22.1 Current Tax Provision		-
22.2 Deferred Tax Expense Effect (+)		-
22.3 Deferred Tax Income Effect (-)		-
XXIII. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)		-
XXIV. NET PROFIT/(LOSS) (XVIII+XXIII)	(10)	1.730.061
24.1 Profit/(Loss) from the Group		1.730.061
24.2 Profit/(Loss) from Minority Interest		-
Earning/(Loss) per share (in TL full)		0,309

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ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
AS OF 31 MARCH 2018

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

V. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Current Period 1 January-31 March 2018
I. CURRENT PERIOD PROFIT/LOSS		1.730.061
II. OTHER COMPREHENSIVE INCOME		(949.966)
2.1	Not Reclassified to Profit or Loss	(33.931)
2.1.1	Property and Equipment Revaluation Increase/Decrease	(37.324)
2.1.2	Intangible Assets Revaluation Increase/Decrease	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	-
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	3.393
2.2	Reclassified to Profit or Loss	(916.035)
2.2.1	Foreign Currency Translation Differences	7.989
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(1.127.309)
2.2.3	Cash Flow Hedge Income/Loss	-
2.2.4	Foreign Net Investment Hedge Income/Loss	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	-
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	203.285
XII.	TOTAL COMPREHENSIVE INCOME (I+II)	780.095

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 31 MARCH 2018

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share certificate Cancel profits	Other capital reserves	Other Accumulated Comprehensive Income			Other Accumulated Comprehensive Income			Profit Reserves	Prior period net profit/(loss)	Current period net profit/(loss)	Total
					That Will Not Be Reclassified to Profit or Loss			That Will Be Reclassified to Profit or Loss						
					Tangible and Intangible Assets Revaluation Reserve	Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans	Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)	Exchange Differences on Translation	Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income	Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)				
Current Period 31 March 2018														
I. Balance at the beginning of the period	5.600.000	-	-	(252)	3.858.888	(119.482)	-	869.944	(817.038)	17.388	29.660.259	7.940.121	-	47.009.828
II. Adjustment in accordance with TMS 8	-	-	-	-	-	-	-	-	2.402	-	-	5.518.877	-	5.521.279
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	2.402	-	-	5.518.877	-	5.521.279
III. New balance (I+II)	5.600.000	-	-	(252)	3.858.888	(119.482)	-	869.944	(814.636)	17.388	29.660.259	13.458.998	-	52.531.107
IV. Total comprehensive income (loss)	-	-	-	-	(33.931)	-	-	7.989	(924.024)	-	-	-	1.730.061	780.095
V. Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) through other changes, equity	-	-	-	(111)	-	-	-	-	-	-	-	-	-	(111)
XI. Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dönem Sonu Bakiyesi (III+IV+.....+X+XI)	5.600.000	-	-	(363)	3.824.957	(119.482)	-	877.933	(1.738.660)	17.388	29.660.259	13.458.998	1.730.061	53.311.091

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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS AS OF 31 MARCH 2018
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)**

VII. STATEMENT OF CASH FLOWS		Note (Section Five VI)	Current Period 1 January-31 March 2018
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		1.354.786
1.1.1	Interest Received		9.001.192
1.1.2	Interest Paid		(4.510.589)
1.1.3	Dividend Received		2.028
1.1.4	Fees and Commissions Received		744.344
1.1.5	Other Income		413.593
1.1.6	Collections from Previously Written-off Loans and Other Receivables		253.050
1.1.7	Payments to Personnel and Service Suppliers		(800.746)
1.1.8	Taxes Paid		(291.921)
1.1.9	Other		(3.456.165)
1.2	Changes in Operating Assets and Liabilities		1.157.780
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		(15.391)
1.2.2	Net (increase) / decrease in due from banks and other financial institutions		(5.163.712)
1.2.3	Net (increase) / decrease in loans		(13.301.953)
1.2.4	Net (increase) / decrease in other assets		(1.249.591)
1.2.5	Net increase / (decrease) in bank deposits		3.701.227
1.2.6	Net increase / (decrease) in other deposits		11.941.257
1.2.7	Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss		20.003
1.2.8	Net increase / (decrease) in funds borrowed		3.274.819
1.2.9	Net increase / (decrease) in payables		-
1.2.10	Net increase / (decrease) in other liabilities		1.951.121
I.	Net Cash Provided from Banking Operations		2.512.566
B.	CASH FLOWS FROM INVESTMENT ACTIVITIES		
II.	Net Cash Provided from Investing Activities		(4.154.299)
2.1	Cash paid for acquisition of investments, associates and subsidiaries		(500.000)
2.2	Cash obtained from disposal of investments, associates and subsidiaries		-
2.3	Purchases of property and equipment		(9.665)
2.4	Disposals of property and equipment		57.657
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(6.231.320)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income		1.841.855
2.7	Purchase of Financial Assets Measured at Amortised Cost		(66.448)
2.8	Sale of Financial Assets Measured at Amortised Cost		984.630
2.9	Other		(231.008)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net Cash Provided from Financing Activities		432.597
3.1	Cash Obtained from Funds Borrowed and Securities Issued		8.425.667
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(7.993.070)
3.3	Issued Equity Instruments		-
3.4	Dividends Paid		-
3.5	Payments for Finance Leases		-
3.6	Other		-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		337.837
V.	Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)		(871.299)
VI.	Cash and Cash Equivalents at the Beginning of the Period		13.015.679
VII.	Cash and Cash Equivalents at the End of the Period		12.144.380

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CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2017

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Note (Section Five I)	Prior Period 31 December 2017		
			TL	FC	Total
ASSETS					
I.	CASH BALANCES WITH THE CENTRAL BANK OF TURKEY	(21)	4.970.977	39.297.687	44.268.664
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)	(22)	888.200	515.682	1.403.882
2.1	Financial Assets Held for Trading		888.200	515.682	1.403.882
2.1.1	Public Sector Debt Securities		8.184	5.134	13.318
2.1.2	Securities Representing a Share in Capital		-	-	-
2.1.3	Derivative Financial Assets Held for Trading	(23)	880.016	510.548	1.390.564
2.1.4	Other Marketable Securities		-	-	-
2.2	Financial Assets at Fair Value Through Profit or Loss		-	-	-
2.2.1	Public Sector Debt Securities		-	-	-
2.2.2	Securities Representing a Share in Capital		-	-	-
2.2.3	Loans		-	-	-
2.2.4	Other Marketable Securities		-	-	-
III.	BANKS	(24)	798.732	3.504.017	4.302.749
IV.	MONEY MARKET PLACEMENTS		-	-	-
4.1	Interbank Money Market Placements		-	-	-
4.2	Istanbul Stock Exchange Money Market Placements		-	-	-
4.3	Receivables from Reverse Repurchase Agreements		-	-	-
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(25),(26)	45.444.531	17.574.244	63.018.775
5.1	Securities Representing a Share in Capital		112.788	844.158	956.946
5.2	Public Sector Debt Securities		45.331.743	16.629.561	61.961.304
5.3	Other Marketable Securities		-	100.525	100.525
VI.	LOANS AND RECEIVABLES	(27)	221.859.779	76.398.253	298.258.032
6.1	Loans and Receivables		221.634.293	76.398.253	298.032.546
6.1.1	Loans Granted to Risk Group of The Bank		4.854	1.617.844	1.622.698
6.1.2	Public Sector Debt Securities		-	-	-
6.1.3	Other		221.629.439	74.780.409	296.409.848
6.2	Loans under Follow-up		4.755.226	19.103	4.774.329
6.3	Specific Provisions (-)		4.529.740	19.103	4.548.843
VII.	FACTORING RECEIVABLES		-	-	-
VIII.	INVESTMENTS HELD TO MATURITY (Net)	(28)	2.833.728	4.762.159	7.595.887
8.1	Public Sector Debt Securities		2.727.442	4.761.212	7.488.654
8.2	Other Marketable Securities		106.286	947	107.233
IX.	INVESTMENTS IN ASSOCIATES (Net)	(29)	94.912	-	94.912
9.1	Accounted with Equity Method		-	-	-
9.2	Unconsolidated Associates		94.912	-	94.912
9.2.1	Financial Associates		88.846	-	88.846
9.2.2	Non-financial Associates		6.066	-	6.066
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(30)	3.035.473	2.109.014	5.144.487
10.1	Unconsolidated Financial Subsidiaries		3.029.236	2.109.014	5.138.250
10.2	Unconsolidated Non-Financial Subsidiaries		6.237	-	6.237
XI.	ENTITIES UNDER COMMON CONTROL (Net)	(31)	-	72.495	72.495
11.1	Accounted with Equity Method		-	-	-
11.2	Unconsolidated Entities Under Common Control		-	72.495	72.495
11.2.1	Financial Entities Under Common Control		-	72.495	72.495
11.2.2	Non Financial Entities Under Common Control		-	-	-
XII.	RECEIVABLES FROM LEASING TRANSACTIONS	(32)	-	-	-
12.1	Finance Lease Receivables		-	-	-
12.2	Operating Lease Receivables		-	-	-
12.3	Other		-	-	-
12.4	Unearned Income (-)		-	-	-
XIII.	DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(33)	-	-	-
13.1	Fair Value Hedges		-	-	-
13.2	Cash Flow Hedges		-	-	-
13.3	Hedges for Investments Made in Foreign Countries		-	-	-
XIV.	TANGIBLE ASSETS (Net)	(37)	5.233.467	7.304	5.240.771
XV.	INTANGIBLE ASSETS (Net)		428.403	8.230	436.633
15.1	Goodwill		-	-	-
15.2	Other		428.403	8.230	436.633
XVI.	REAL ESTATES FOR INVESTMENT PURPOSE (Net)	(34)	-	-	-
XVII.	TAX ASSET		815	115	930
17.1	Current Tax Asset		815	115	930
17.2	Deferred Tax Asset	(35)	-	-	-
XVIII.	ASSETS HELD FOR SALE AND ASSETS HELD FROM DISCONTINUED OPERATIONS (Net)	(37)	670.215	-	670.215
18.1	Held for Sale		670.215	-	670.215
18.2	Held from Discontinued Operations		-	-	-
XIX.	OTHER ASSETS		2.570.007	1.196.070	3.766.077
TOTAL ASSETS			288.829.239	145.445.270	434.274.509

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IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2017

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

II. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Note (Section Five II)	Current Period 31 December 2017		
			TL	FC	Total
LIABILITIES AND EQUITY					
I. DEPOSITS	(14)	161.933.028	104.451.161	266.384.189	
1.1 Deposits Held By the Risk Group of the Bank		1.286.498	491.752	1.778.250	
1.2 Other		160.646.530	103.959.409	264.605.939	
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(15)	235.506	312.263	547.769	
III. FUNDS BORROWED	(16)	1.650.412	27.414.383	29.064.795	
IV. MONEY MARKET BALANCES		43.157.357	13.100.369	56.257.726	
4.1 Interbank Money Market Borrowings		41.850.000	-	41.850.000	
4.2 Istanbul Stock Exchange Takasbank Borrowings		-	-	-	
4.3 Funds Provided under Repurchase Agreements	(17)	1.307.357	13.100.369	14.407.726	
V. MARKETABLE SECURITIES ISSUED (Net)	(18)	3.590.796	9.166.573	12.757.369	
5.1 Bills		3.590.796	-	3.590.796	
5.2 Asset-backed Securities		-	-	-	
5.3 Bonds		-	9.166.573	9.166.573	
VI. FUNDS		6.030.575	-	6.030.575	
6.1 Borrower Funds		-	-	-	
6.2 Other		6.030.575	-	6.030.575	
VII. MISCELLANEOUS PAYABLES		2.411.419	1.610.642	4.022.061	
VIII. OTHER LIABILITIES	(19)	1.874.678	582.440	2.457.118	
IX. FACTORING PAYABLES		-	-	-	
X. PAYABLES FROM LEASING TRANSACTIONS (Net)	(20)	-	447	447	
10.1 Finance Lease Payables		-	454	454	
10.2 Operating Lease Payables		-	-	-	
10.3 Other		-	-	-	
10.4 Deferred Finance Lease Expenses (-)		-	7	7	
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING	(21)	-	-	-	
11.1 Fair Value Hedges		-	-	-	
11.2 Cash Flow Hedges		-	-	-	
11.3 Hedges for Investments Made in Foreign Countries		-	-	-	
XII. PROVISIONS	(22)	8.458.157	60.810	8.518.967	
12.1 General Provisions		5.376.195	15.675	5.391.870	
12.2 Restructuring Provisions		-	-	-	
12.3 Employee Benefits Provisions		1.315.548	-	1.315.548	
12.4 Insurance Technical Reserves (Net)		-	-	-	
12.5 Other Provisions		1.766.414	45.135	1.811.549	
XIII. TAX LIABILITY	(23)	1.222.555	1.110	1.223.665	
13.1 Current Tax Liability		917.189	1.110	918.299	
13.2 Deferred Tax Liability		305.366	-	305.366	
XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND HELD FROM DISCONTINUED OPERATIONS (Net)	(24)	-	-	-	
14.1 Held for Sale		-	-	-	
14.2 Held from Discontinued Operations		-	-	-	
XV. SUBORDINATED LOANS	(25)	-	-	-	
XVI. SHAREHOLDERS' EQUITY	(26)	46.064.823	945.005	47.009.828	
16.1 Paid-in Capital		5.600.000	-	5.600.000	
16.2 Capital Reserves		2.864.443	945.005	3.809.448	
16.2.1 Share Premium		-	-	-	
16.2.2 Share Cancellation Profits		-	-	-	
16.2.3 Marketable Securities Valuation Differences		(892.099)	945.005	52.906	
16.2.4 Tangible Assets Revaluation Reserves		3.858.888	-	3.858.888	
16.2.5 Intangible Assets Revaluation Reserves		-	-	-	
16.2.6 Revaluation Reserves of Real Estates for Investment Purpose		-	-	-	
16.2.7 Bonus Shares of Subsidiaries, Associates and Entities Under Common Control		17.388	-	17.388	
16.2.8 Hedging Funds (Effective Portion)		-	-	-	
16.2.9 Value Increase on Assets Held for Sale		-	-	-	
16.2.10 Other Capital Reserves		(119.734)	-	(119.734)	
16.3 Profit Reserves		29.660.259	-	29.660.259	
16.3.1 Legal Reserves		3.604.355	-	3.604.355	
16.3.2 Statutory Reserves		-	-	-	
16.3.3 Extraordinary Reserves		24.630.569	-	24.630.569	
16.3.4 Other Profit Reserves		1.425.335	-	1.425.335	
16.4 Profit or Loss		7.940.121	-	7.940.121	
16.4.1 Prior Years Profit/Loss		-	-	-	
16.4.2 Net Period Profit/Loss		7.940.121	-	7.940.121	
TOTAL LIABILITIES AND EQUITY		276.629.306	157.645.203	434.274.509	

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2017

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

III.	STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period 31 December 2017		
			TL	FC	Total
A	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		69.318.241	154.878.728	224.196.969
I.	GUARANTEES AND WARRANTIES	(2)	32.933.711	63.173.415	96.107.126
1.1	Letters of Guarantee		32.669.962	43.023.095	75.693.057
1.1.1	Guarantees Subject to State Tender Law		1.565.066	7.776.033	9.341.099
1.1.2	Guarantees Given for Foreign Trade Operations		27.424.105	34.376.931	61.801.036
1.1.3	Other Letters of Guarantee		3.680.791	870.131	4.550.922
1.2	Bank Acceptances		30.004	6.271.964	6.301.968
1.2.1	Import Letter of Acceptance		30.004	6.265.331	6.295.335
1.2.2	Other Bank Acceptances		-	6.633	6.633
1.3	Letters of Credit		233.745	13.878.356	14.112.101
1.3.1	Documentary Letters of Credit		233.745	13.838.232	14.071.977
1.3.2	Other Letters of Credit		-	40.124	40.124
1.4	Prefinancing Given as Guarantee		-	-	-
1.5	Endorsements		-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-
1.5.2	Other Endorsements		-	-	-
1.6	Purchase Guarantees on Marketable Security Issuance		-	-	-
1.7	Factoring Guarantees		-	-	-
1.8	Other Guarantees		-	-	-
1.9	Other Collaterals		-	-	-
II.	COMMITMENTS	(2)	23.689.109	8.738.845	32.427.954
2.1	Irrevocable Commitments		23.689.109	8.738.845	32.427.954
2.1.1	Asset Purchase and Sale Commitments		202.675	4.565.070	4.767.745
2.1.2	Deposit Purchase and Sales Commitments		-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-
2.1.4	Loan Granting Commitments		5.048.840	5.813	5.054.653
2.1.5	Securities Issue Brokerage Commitments		-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-
2.1.7	Commitments for Cheques		3.697.066	-	3.697.066
2.1.8	Tax and Fund Liabilities from Export Commitments		-	-	-
2.1.9	Commitments for Credit Card Limits		8.645.831	-	8.645.831
2.1.10	Commitments for Credit Cards and Banking Services Promotions		26.137	-	26.137
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		6.068.560	4.167.962	10.236.522
2.2	Revocable Commitments		-	-	-
2.2.1	Revocable Loan Granting Commitments		-	-	-
2.2.2	Other Revocable Commitments		-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS		12.695.421	82.966.468	95.661.889
3.1	Hedging Derivative Financial Instruments		-	-	-
3.1.1	Transactions for Fair Value Hedge		-	-	-
3.1.2	Transactions for Cash Flow Hedge		-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-
3.2	Trading Transactions		12.695.421	82.966.468	95.661.889
3.2.1	Forward Foreign Currency Buy/Sell Transactions		3.617.638	6.924.910	10.542.548
3.2.1.1	Forward Foreign Currency Transactions-Buy		1.536.329	3.734.219	5.270.548
3.2.1.2	Forward Foreign Currency Transactions-Sell		2.081.309	3.190.691	5.272.000
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		8.709.947	75.685.916	84.395.863
3.2.2.1	Foreign Currency Swap-Buy		14.555	37.312.694	37.327.249
3.2.2.2	Foreign Currency Swap-Sell		8.695.392	27.876.600	36.571.992
3.2.2.3	Interest Rate Swap-Buy		-	5.248.311	5.248.311
3.2.2.4	Interest Rate Swap-Sell		-	5.248.311	5.248.311
3.2.3	Foreign Currency, Interest rate and Securities Options		367.836	355.642	723.478
3.2.3.1	Foreign Currency Options-Buy		183.918	177.821	361.739
3.2.3.2	Foreign Currency Options-Sell		183.918	177.821	361.739
3.2.3.3	Interest Rate Options-Buy		-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-
3.2.3.5	Securities Options-Buy		-	-	-
3.2.3.6	Securities Options-Sell		-	-	-
3.2.4	Foreign Currency Futures		-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-
3.2.5	Interest Rate Futures		-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-
3.2.6	Other		-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		1.109.727.974	139.992.904	1.249.720.878
IV.	ITEMS HELD IN CUSTODY		366.635.232	19.496.516	386.131.748
4.1	Customer Fund and Portfolio Balances		-	-	-
4.2	Investment Securities Held in Custody		8.210.037	6.993.963	15.204.000
4.3	Checks Received for Collection		8.770.728	935.671	9.706.399
4.4	Commercial Notes Received for Collection		8.089.851	463.789	8.553.640
4.5	Other Assets Received for Collection		8.816	-	8.816
4.6	Assets Received for Public Offering		328.861.408	-	328.861.408
4.7	Other Items Under Custody		12.692.743	11.103.093	23.795.836
4.8	Custodians		1.649	-	1.649
V.	PLEDGES RECEIVED		742.129.511	118.416.306	860.545.817
5.1	Marketable Securities		1.498.312	51.776	1.550.088
5.2	Guarantee Notes		15.206.384	1.133.950	16.340.334
5.3	Commodity		1.092.765	81.269	1.174.034
5.4	Warranty		-	-	-
5.5	Immovable		652.639.237	85.012.978	737.652.215
5.6	Other Pledged Items		71.687.604	32.122.212	103.809.816
5.7	Pledged Items-Depository		5.209	14.121	19.330
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		963.231	2.080.082	3.043.313
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		1.179.046.215	294.871.632	1.473.917.847

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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF INCOME AS OF 31 MARCH 2017
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)**

IV. STATEMENT OF INCOME			
INCOME AND EXPENSE ITEMS		Note (Section Five IV)	Current Period 1 January-31 March 2017
I.	INTEREST INCOME	(12)	8.204.940
1.1	Interest Income from Loans		6.254.965
1.2	Interest Income from Reserve Deposits		77.388
1.3	Interest Income from Banks		26.361
1.4	Interest Income from Money Market Placements		135.374
1.5	Interest Income from Marketable Securities		1.690.828
1.5.1	Financial Assets Held for Trading		894
1.5.2	Financial Assets at Fair Value through Profit and Loss		-
1.5.3	Financial Assets Available-for-Sale		1.499.058
1.5.4	Investments Held-to-Maturity		190.876
1.6	Finance Lease Income		-
1.7	Other Interest Income		20.024
II.	INTEREST EXPENSES	(13)	3.896.028
2.1	Interest Expense on Deposits		2.644.463
2.2	Interest on Borrowings		142.651
2.3	Interest on Money Market Borrowings		970.149
2.4	Interest on Marketable Securities Issued		115.699
2.5	Other Interest Expense		23.066
III.	NET INTEREST INCOME/EXPENSES (I - II)		4.308.912
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		499.397
4.1	Fees and Commissions Received		600.687
4.1.1	Non-cash Loans		104.419
4.1.2	Other	(11)	496.268
4.2	Fees and Commissions Paid		101.290
4.2.1	Non-cash Loans		96
4.2.2	Other		101.194
V.	DIVIDEND INCOME		3.309
VI.	TRADING PROFIT/LOSS (Net)	(14)	101.874
6.1	Profit/Loss from Capital Market Operations		16.028
6.2	Profit/losses on Derivative Financial Transactions		(62.683)
6.3	Profit/Loss from Foreign Exchanges		148.529
VII.	OTHER OPERATING INCOME	(15)	416.651
VIII.	TOTAL OPERATING INCOMES/EXPENSES (III+IV+V+VI+VII)		5.330.143
IX.	PROVISION FOR LOSSES ON LOANS OR OTHER RECEIVABLES (-)		966.955
X.	OTHER OPERATING EXPENSES(-)	(16)	1.515.811
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)		2.847.377
XII.	GAINS RECORDED AFTER MERGER		-
XIII.	PROFIT/LOSS ON EQUITY METHOD APPLIED SUBSIDIARIES		-
XIV.	GAIN/LOSS ON NET MONETARY POSITION		-
XV.	INCOME BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)	(17)	2.847.377
XVI.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(18)	(676.992)
16.1	Current Tax Provision		(882.865)
16.2	Deferred Tax Provision		205.873
XVII.	NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)	(19)	2.170.385
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-
18.1	Income from Non-current Assets Held for Sale		-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)		-
18.3	Other Income from Discontinued Operations		-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-
19.1	Expenses for Non-current Assets Held for Sale		-
19.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)		-
19.3	Other Expenses from Discontinued Operations		-
XX.	PROFIT /LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-
XXI.	PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)		-
21.1	Current tax provision		-
21.2	Deferred tax provision		-
XXII.	NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)		-
XXIII.	NET PROFIT/LOSSES (XVII+XXII)	(20)	2.170.385
	Earnings per Share (Full TL)		0,426

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER
SHAREHOLDERS' EQUITY AS OF 31 MARCH 2017**

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

V. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		Prior Period
PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		1 January-31 March 2017
I.	ADDITIONS TO THE MARKETABLE SECURITY VALUATION DIFFERENCES ON AVAILABLE FOR SALE FINANCIAL ASSETS	841.132
II.	TANGIBLE ASSETS REVALUATION DIFFERENCES	(17.044)
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	
IV.	CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	(5.111)
V.	PROFIT OR LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Differences)	-
VI.	PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS	-
VIII.	OTHER INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS	-
IX.	DEFERRED TAXES RELATED TO VALUATION DIFFERENCES	(165.593)
X.	NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	653.384
XI.	CURRENT YEAR PROFIT/LOSS	2.170.385
11.1	Net change in fair value of marketable securities (transfer to profit-loss)	16.028
11.2	Reclassification of cash flow hedge transactions and presentation of the related under income statement	-
11.3	Reclassification of foreign net investment hedge transactions and presentation of the related part under income statement	-
11.4	Other	2.154.357
XII.	TOTAL PROFIT/LOSS RELATED TO THE PERIOD (X±XI)	2.823.769

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 31 MARCH 2017
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

VI. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																			
31 March 2017	Note (Section Five V)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Cancl. Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/(Loss)	Marketable Sec. Valuation Differences	Rev. Diff. in Tangible and Intang. Assets	Bonus Shares from Investments	Hedging Funds	Rev. Diff. in Tangible Held for Sale/Disc. Operat.	Total Equity		
I. Balance at the Beginning of the Period		5.100.000	-	-	-	3.203.305	-	18.052.605	1.346.993	6.576.420	906.345	(998.484)	4.177.866	17.388	-	-	-	38.382.438	
Changes During the Period																			
II. Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	675.539	-	-	-	-	-	675.539	
IV. Hedging Funds (Active Part)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.1 Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.2 Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V. Revaluation Differences of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	(17.044)	-	-	-	-	(17.044)	
VI. Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Bonus Shares of Associates, Subsidiaries and Entities under Common Control (Business Partners)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	(5.111)	-	-	-	-	-	(5.111)	
IX. Changes Resulted from Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Changes Resulted from Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Effect of Changes in Shareholders' Equity of Associates to the Bank's Shareholders' Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XII. Increase in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.2 From Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII. Issuance of Share Certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV. Adjustment to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII. Net Profit or Losses		-	-	-	-	-	-	-	-	2.170.385	-	-	-	-	-	-	-	2.170.385	
XVIII. Profit Distribution		-	-	-	-	-	-	-	-	(6.576.420)	6.576.420	-	-	-	-	-	-	-	
18.1 Dividend Distributed		-	-	-	-	-	-	-	-	(6.576.420)	6.576.420	-	-	-	-	-	-	-	
18.2 Transfers to Legal Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance at the end of the period (I+II+III+.....+ XVI+XVII+XVIII)		5.100.000	-	-	-	3.203.305	-	18.052.605	1.346.993	2.170.385	7.482.765	(328.056)	4.160.822	17.388	-	-	-	41.206.207	

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS AS OF 31 MARCH 2017

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

VII. STATEMENT OF CASH FLOWS		Note (Section Five VI)	Current Period 1 January-31 March 2017
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		3.206.393
1.1.1	Interest Received		6.491.033
1.1.2	Interest Paid		(3.704.988)
1.1.3	Dividend Received		3.309
1.1.4	Fees and Commissions Received		600.687
1.1.5	Other Income		217.514
1.1.6	Collections from Previously Written-off Loans and Other Receivables		371.219
1.1.7	Payments to Personnel and Service Suppliers		(627.970)
1.1.8	Taxes Paid		(523.511)
1.1.9	Other		379.100
1.2	Changes in Operating Assets and Liabilities		(5.144.689)
1.2.1	Net (Increase)/Decrease in Trading Securities		(9.023)
1.2.2	Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets		-
1.2.3	Net (Increase)/Decrease in Banks		(7.520.465)
1.2.4	Net (Increase)/Decrease in Loans		(18.583.543)
1.2.5	Net (Increase)/Decrease in Other Assets		(2.531.138)
1.2.6	Net Increase/(Decrease) in Bank Deposits		12.076.412
1.2.7	Net Increase/(Decrease) in Other Deposits		8.924.579
1.2.8	Net Increase/(Decrease) in Funds Borrowed		880.957
1.2.9	Net Increase/(Decrease) in Payables		-
1.2.10	Net Increase/(Decrease) in Other Liabilities		1.617.532
I.	Net Cash Provided from Banking Operations		(1.938.296)
B.	CASH FLOWS FROM INVESTMENT ACTIVITIES		
II.	Net Cash Provided from Investing Activities		(2.764.214)
2.1	Cash Paid for Purchase of Associates, Subsidiaries and Entities under Common Control		(200.000)
2.2	Cash Obtained from Sale of Associates, Subsidiaries and Entities under Common Control		-
2.3	Fixed Assets Purchases		(37.669)
2.4	Fixed Assets Sales		10.546
2.5	Cash Paid for Purchase of Financial Assets Available for Sale		(5.097.027)
2.6	Cash Obtained from Sale of financial Assets Available for Sale		4.355.650
2.7	Cash Paid for Purchase of Investment Securities		(258.255)
2.8	Cash Obtained from Sale of Investment Securities		1.984.409
2.9	Other		(3.521.868)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net Cash Provided from Financing Activities		2.354.977
3.1	Cash Obtained from Funds Borrowed and Securities Issued		2.480.000
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(125.000)
3.3	Issued Equity Instruments		-
3.4	Dividends Paid		-
3.5	Payments for Finance Leases		(23)
3.6	Other		-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(1)	354.032
V.	Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)		(1.993.501)
VI.	Cash and Cash Equivalents at the Beginning of the Period	(1)	15.566.483
VII.	Cash and Cash Equivalents at the End of the Period	(1)	13.572.982

As mentioned in Note I of Section Three, the current period financial statements have been prepared by using different accounting policies from the accounting policies used in the preparation of the prior period financial statements and the prior period financial statements and footnotes have not been restated. Prior period financial statements are presented separately in this report.

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2018

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

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

The unconsolidated financial statements have been prepared in thousands of Turkish Lira (“TL”), under the historical cost convention as modified in accordance with inflation adjustments applied 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”).

CHANGES IN ACCOUNTING POLICIES

As of 1 January 2018 the Bank has applied TFRS 9 Financial Instruments (TFRS 9) published by POA according to “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750 for the first time in attached unconsolidated financial statements. Prior period financial statements and notes were not restated in accordance with the transition provisions of TFRS 9. Therefore, the impact of the first application of standard has been reflected to Prior years' profit or loss and attached financial statements are presented separately rather than comparatively. TFRS 9 has been in effect as of 1 January 2018, the impact on opening balances are presented in Note XXIV of Section Three.

TFRS 15 Revenue from Contracts with Customers and other TAS/TFRS changes have not significant impact on Bank's accounting policies, financial position and performance.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2018

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

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

Since the Bank’s total debt to the market is low among its total liabilities, the Bank can borrow easily from short-term markets, such as; Borsa Istanbul (“BIST”), Central Bank of the Republic of Turkey, Money Market or Interbank Money Market in case of need. In case of a liquidity crisis, the deposit base of the Bank is not presumed to be significantly affected from such a case since the Bank is a public bank with an extensive branch network.

Cost and return of foreign currency assets are subject to a close follow up. Positive margin of profit is sustained by adjusting deposit interest rates in line with the market interest rates.

Foreign currency operations are recognized at transaction date and valued by Bank’s prevailing counter currency buying rate. At period ends, foreign currency asset and liability balances are valued at the Bank’s period end counter currency buying rates and translated to Turkish currency and the resulting exchange differences are recognized as a “foreign exchange gain or loss”.

Foreign currency capital amounts transferred to the equity participations operating abroad are evaluated and presented on the financial statements with the exchange rate on the date of the transfer.

Assets and liabilities and income statement items of the abroad branches of the Bank are translated into Turkish Lira with the Bank’s prevailing counter currency buying rates at the balance sheet date.

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

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

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2018

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

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

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

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

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

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

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

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

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

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

If the financial asset is impaired and classified as a non-performing receivable, it is applied the effective interest rate on the amortized cost of the asset for subsequent reporting periods.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

Income and losses from banking, agency and intermediary services are recognized as income/loss on the date they are collected.

Prepaid expense amounts are recognize 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

As IFRS 9 has been put into effect on 1 January 2018, the Bank's accounting policy for financial instruments is summarized as follows.

Financial assets are recognized or derecognized according to IFRS 9 Financial Instruments Part 3 Recognition and Derecognition. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to fair value or deducted from fair value. They are included in the balance sheet of the Bank, if the Bank is a legal party to these instruments.

The Bank categorizes its financial assets as "Fair Value Through Profit/Loss", "Fair Value Through Other Comprehensive Income" or "Measured at Amortized Cost". Financial instruments comprise financial assets and liabilities and derivative instruments. This classification is based on the contractual cash flow characteristics of the related business model used for management of the financial assets at initial recognition.

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2018

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

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

Financial assets at fair value through profit or loss

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

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

Government bonds and treasury bills included in held for trading and available for sale portfolios traded in BIST are carried at weighted average exchange prices of BIST as of the balance sheet date and those securities that are not traded in BIST are carried at prices of the Central Bank of the Republic of Turkey. Eurobonds are carried at prices in the over the counter markets. All gains and losses arising from these valuations are reflected in the income statement.

Financial Assets at Fair Value Through Other Comprehensive Income

In addition to Financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income.

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

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment. Regarding the banking operations of Ziraat Bank, there exist ineffective shares of Kredi Garanti Fonu, Turkish Trade Bank in receivership, Borsa İstanbul, Borica Bank Services AD, Central Bank of the Republic of Turkey and Milli Reasürans T.A.Ş. The related investments are classified under financial assets at fair value through other comprehensive income and are carried out at book value. The reason to explain the necessary action is the inability to reliably measure the subject asset type at fair value.

Financial Assets Measured at Amortized Cost

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

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

“Fair value through other comprehensive income” and “measured at amortized cost” securities portfolio of the Bank include Consumer Price Indexed (CPI) Bonds. These securities are valued and accounted using the effective interest rate method based on the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in calculating the actual coupon payment amounts of these assets are based on the Consumer Price Index (CPI) of prior two months. The Bank also sets the estimated inflation rate accordingly. The estimated inflation rate used is updated as needed within the year. At the end of the year, the real inflation rate is used.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2018

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

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

Loans

Loans are financial assets that have fixed or determinable payments terms and are not quoted in an active market. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Effective Interest Rate Method".

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

Bank's loans are recorded under the "Measured at Amortized Cost" account.

Impairment For Expected Loss

As of 1 January 2018, the Bank recognize provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of 31 December 2017, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under TFRS 9.

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 finance lease receivables) 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 also the following aspects are important for the measurement.

- Probability-weighted and neutral amount determined by taking into account possible outcomes,
- Time value of money,
- Reasonable and supportable information on past events, current conditions and forecast of future economic conditions, at the time of reporting, without excessive cost and effort.

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), Lifetime Expected Credit Losses (Stage 2 and 3), is applied when a significant increase in credit risk occurs.

12 Month Expected Credit Losses (Stage 1)

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses. For such asset 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 quality of the loan.

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 loss of life expectancy .

Significant Increase in Credit Risk (Stage 2)

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses.

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SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

Impairment For Expected Loss (Continued)

Credit-Impaired Losses (Stage 3 / Special Provision)

Includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount.

The collective valuation of financial instruments is based on homogeneous group assets resulting from portfolio segmentation based on similar credit risk and product characteristics. This section presents an overview of the risk parameter estimation methods for the damage assessment approach that is expected 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 EIR (effective interest rate) value and discounted cash flows. When cash flows are estimated, the following situations are considered.

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

VIII. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS

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

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SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

IX. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS

Securities subject to repurchase agreements (“Repos”) are classified as “Financial assets at fair value difference through profit or loss”, “Financial assets at fair value difference through other comprehensive income” and “Measured at amortized cost” in the balance sheet according to the investment purposes and measured according to the portfolio of the Bank to which they belong. Funds obtained under repurchase agreements are accounted under “Funds provided under repurchase agreements” in liability accounts and differences between the sale and repurchase prices determined by these repurchase agreements are accrued evenly over the life of the repurchase agreement using the “Effective interest (internal return) method”.

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

As of the balance sheet date, there are no securities lending transactions.

X. INFORMATION ON ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS AND EXPLANATIONS ON LIABILITIES RELATED WITH THESE ASSETS

Property and equipment held-for-sale consist of tangible assets that were acquired due to non-performing loans and receivables, and are accounted in the financial statements in accordance with the regulations of “Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations (TFRS 5)”.

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

The properties obtained from the Bank’s receivables are shown at the fixed assets held for sale line according to the execution of the forward sales agreement.

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

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SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XI. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

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

The Bank recognizes its software costs incurred under the intangible assets-intangible rights account and the expenses that do qualify as development are added to software’s initial costs and amortized over 3 years considering the useful lives. The Bank has determined estimated useful lives of the intangible assets between 3 and 15 years and it applies depreciation rates between 6,67% to 33,3%.

XII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

Tangible assets are measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. As of 31 January 2014 the Bank has changed its accounting policies and has decided to pursue the real estates registered in its portfolio at fair values. In this context, for all real estates registered in the Bank’s inventory, appraisal study was carried by independent expertise companies, and from 31 December 2016 valuation results are reflected in the accounting records. As a result of the fair valuation of the real estates, TL 3.824.957 net is followed under shareholders’ equity as of 31 March 2018. As of 30 January 2014, the net book amount of real estates of the tangible assets before valuation was TL 816.950.

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

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

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

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

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

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

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SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. EXPLANATIONS ON LEASING TRANSACTIONS

Financial Lease

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

The Bank does not perform financial operations as “Lessor”.

Operational Lease

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

XIV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

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

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

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

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

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

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SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XV. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

Employment Termination and Vacation Benefits

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

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

The Bank uses independent actuaries in determining liability, and also makes assumptions about issues such as discount rate and inflation. These assumptions are reviewed on an sixth month basis. Retirement benefit obligation is TL 834.467 (31 December TL 2017: 813.548).

	Current Period 31.03.2018	Prior Period 31.12.2017
Discount Rate	12,10%	12,10%
Inflation	8,90%	8,90%

Communiqué on “Turkish Accounting Standard (TAS19) about Benefits for Employee (No:9)” published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority (“POA”) on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2012 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. Actuarial loss amounting to TL 119.483 was classified as “Other Reserves” under shareholders’ equity in the financials.

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

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

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SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XV. 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 Bank’s personnel are the members of T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees' Pension Fund (“Fund”) which was established by 20th provisional article of Social Security Law Act numbered 506. In accordance with 23rd provisional clause of the Banking Law numbered 5411, the pension fund established within Social Security Law is expected to be transferred to the Social Security Institution by three years following the declaration of the Banking Law numbered 5411. Procedures and principles of the transfer are determined by the decision of Council of Ministers numbered 2006/11345 dated 30 November 2006. However, the 1st paragraph of the 1st article of the 23rd provisional clause of Banking Law numbered 5411 allowing pension funds to be transferred to Social Security Institution (“SSI”) is annulled following the resolution of Constitutional Court declared in the Official Gazette dated 31 March 2007 numbered 26479 E.2005/139, K.2007/13 and K.2007/33.

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

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

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

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

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

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

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SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XV. 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)

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

The technical balance sheet report as of 31 December 2017 which is prepared in accordance with the new law and the rate determined as 9,80%, concluded no technical deficit arises in the above mentioned fund. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank’s financial statements.

XVI. EXPLANATIONS ON TAXATION

Current Tax

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

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

Corporations are required to pay advance corporate tax quarterly at a rate of 22% on their corporate income. Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

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. According to dated 23 December 2017 3rd article of Corporation Tax Code (CTC) 14 annunciation this exemption will apply as ratio of 75% for selling that made till the 5 December 2017, after this date it will apply as ratio of 50%.)

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 expemted 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)

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SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVI. EXPLANATIONS ON TAXATION (Continued)

Current Tax (Continued)

Moreover, according to 5.1.f. article of Corporation Tax Law; corporations which have been fallen to legal proceedings because of owe to the bank or Savings Deposit Insurance Funds, and their warranters' real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors' revenues that used for against debts or transferring to SDIF, 75% of real estates, and 50% others are exempted from Corporation tax. . (It was changed with 89th article of code 7061 that entries into force in 5 December 2017. According to dated 23 December 2017 3rd article of Corporation Tax Code (CTC) 14 annunciation this exemption will apply as ratio of 75% for selling that made till the 5 December 2017, after this date it will apply as ratio of 50%.)

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

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

Deferred Tax

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

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

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

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

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

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

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SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON BORROWINGS

The Bank accounts its debt instruments in accordance with TAS 39 "Financial Instruments: Recognition and Measurement". In the following periods, all financial liabilities are carried at amortized cost by using the internal rate of return method. The Bank has no borrowings that require hedging techniques for accounting and revaluation of debt instruments and liabilities representing the borrowings.

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

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

XIII. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

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

XIV. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

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

XX. EXPLANATIONS ON GOVERNMENT GRANTS

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

XXI. CASH AND CASH EQUIVALENTS

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

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

XXII. EXPLANATIONS ON SEGMENT REPORTING

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

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SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXIII. EXPLANATIONS ON OTHER MATTERS

TFRS 9 Financial Instruments Standart

TFRS 9 “Financial Instruments”, which is effective as at 1 January 2018 is published by the Public Oversight Accounting and Auditing Standards Authority (“POA”) in the Official Gazette numbered 29953 dated 19 January 2017.

TFRS 9 sets out the new principles for the classification and measurement of financial instruments, impairment for credit risk on financial assets and hedge accounting.

According to TFRS 9 requirements, classification and measurement of financial assets will depend on the business model within which financial assets are managed and their contractual cash flow characteristics whether the cash flows represent “solely payments of principal and interest.

Explanations on the impact of TFRS 9 implementation of the Bank are below.

Reconciliation of statement of financial position balances to TFRS 9

ASSETS	31.12.2017	TFRS-9 Reclassification impact	TFRS-9 Remeasurement impact	01.01.2018
FINANCIAL ASSETS (Net)	120.589.957	(92.235)	75.528	120.573.251
Cash and cash equivalents	48.571.413	-	-	48.571.413
Cash and balances at Central Bank	44.268.664	-	-	44.268.664
Banks	4.302.749	-	-	4.302.749
Receivables from Money Markets	-	-	-	-
Financial assets measured at fair value to profit or loss	13.318	-	-	13.318
Financial assets measured at fair value to other comprehensive income	63.018.775	-	-	63.018.775
Financial assets measured at amortised cost	7.595.887	-	-	7.595.887
Derivative financial assets	1.390.564	-	-	1.390.564
Non-performing financial assets	-	-	-	-
Allowance for expected credit losses (-)	-	92.235	(75.528)	16.706
LOANS (Net)	298.258.032	(4.709.341)	5.047.138	298.595.829
Loans	298.032.546	-	-	298.032.546
Loans measured at amortised cost	298.032.546	-	-	298.032.546
Non-performing loans	4.774.329	-	-	4.774.329
Allowance for expected credit losses (-)	4.548.843	4.709.341	(5.047.138)	4.211.046
<i>12-Month expected credit losses (Stage 1)</i>	-	4.511.156	(3.992.797)	518.359
<i>Significant increase in credit risk (Stage 2)</i>	-	198.185	(72.687)	125.498
<i>Credit-Impaired (Stage 3)</i>	4.548.843	-	(981.654)	3.567.189
NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)	670.215	-	-	670.215
INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES	5.311.894	-	-	5.311.894
Investments in associates (Net)	94.912	-	-	94.912
Investments in subsidiaries (Net)	5.144.487	-	-	5.144.487
Jointly Controlled Partnerships (Joint Ventures) (Net)	72.495	-	-	72.495
TANGIBLE ASSETS (Net)	5.240.771	-	-	5.240.771
INTANGIBLE ASSETS AND GOODWILL (Net)	436.633	-	-	436.633
INVESTMENT PROPERTIES (Net)	-	-	-	-
OTHER ASSETS	3.766.077	-	-	3.766.077
TOTAL ASSETS	434.274.509	(4.801.576)	5.122.666	434.595.599

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SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXIII. EXPLANATIONS ON OTHER MATTERS (Continued)

Reconciliation of the opening balances of the provision to TFRS 9

	Book value before TFRS 9 31 December 2017	Remeasurements	Book value after TFRS 9 1 January 2018
Loans Provision	9.258.184	(5.047.138)	4.211.046
Stage 1 ^(*)	4.511.156	(3.992.797)	518.359
Stage 2 ^(*)	198.185	(72.687)	125.498
Stage 3	4.548.843	(981.654)	3.567.189
Financial Assets ^(**)	94.811	(75.703)	19.108
Non-Cash Loans ^(***)	725.775	(431.859)	293.916
Stage 1 and 2	587.718	(462.375)	125.342
Stage 3	138.057	30.516	168.573
Total	10.078.770	(5.554.700)	4.524.070

^(*) Represents general provisions for stage 1 and 2 loans before TFRS 9.

^(**) Within the scope of TFRS 9, provisions include provisions for Amortized Cost, Fair Value Through Other Comprehensive Income, Receivables from Banks and Receivables from Money Markets.

^(***) Before TFRS 9, the expected credit loss for stage 1 and 2 non-cash loans is classified "12. General Provision" and expected credit loss for stage 3 non-cash loans is classified "12.5. Other Provisions" under liabilities. In accordance with TFRS 9, the expected loss provisions for the 1st, 2nd and 3rd stage non-cash loans are in the "10.4 Other Provisions" column in the liabilities.

The Impact of IFRS 9 Transition to Equity

According to paragraph 15 of Article 7 of TFRS 9 Financial Instruments Standards published in the Official Gazette numbered 29953 dated 19 January 2017, it is stated that it is not compulsory to restate previous period information in accordance with TFRS 9 and if the previous period information is not restated, it is stated that the difference between the book value of 1 January 2018 at the date of application should be reflected in the retained earning of equity. The explanations about the transition effects to IFRS 9 presented in the equity items under the scope of this article are given below.

The difference between the provision for impairment of the prior period and allowance for expected credit losses that is measured in accordance with TFRS 9 impairment model as of 1 January 2018 amounting to TL 5.554.700 as income is recorded to "Prior years' profits or losses" in shareholders' equity.

As stated in the Communiqué on "Uniform Chart of Accounts and Prospectus" issued on 20 September 2017, for general provisions (TFRS 9 expected loss provisions for the loans at first and second stages), deferred tax assets calculation has started as of 1 January 2018. Within this scope, deferred tax assets amounting to TL 173.428 have been reflected to the opening financials of 1 January 2018 and the related amount has been recorded to "Prior years' profits or losses" in shareholders' equity.

For the specific provisions (IFRS 9 allowance for expected credit losses for third stage loans) which have been cancelled due to TFRS 9 transition, income tax loss amounting to TL 209.250 is recorded to "Prior years' profits or losses" in equity as of 1 January 2018.

The general provision amounting to TL 2.402 relating to equity investments in available-for-sale financial assets, which were presented under general provision in before TFRS 9, has been started to be recognized in "Other accumulated comprehensive income that will be reclassified in profit or loss" under equity.

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SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXIV. EXPLANATIONS ON PRIOR PERIOD ACCOUNTING POLICIES NOT AVAILABLE FOR THE CURRENT PERIOD

"TFRS 9 Financial Instruments" standard came into effect instead of "TAS 39 Financial Instruments: Recognition and Measurement" as of 1 January 2018. Accounting policies lost their validity with the transition of TFRS 9 are given below:

Financial assets at fair value through profit or loss

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

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

Government bonds and treasury bills included in held for trading and available for sale portfolios traded in BIST are carried at weighted average exchange prices of BIST as of the balance sheet date and those securities that are not traded in BIST are carried at prices of the Central Bank of the Republic of Turkey. Eurobonds are carried at prices in the over the counter markets. The positive difference between the cost and fair value of held for trading securities is accounted under "Other Interest and Income Accrual" and the negative difference is accounted under "Impairment Loss for Marketable Securities" account. The positive difference between the cost and amortized cost is accounted under "Interest income" account, the negative difference is accounted as impairment loss. The positive difference between the fair value and amortized cost is accounted under "Profit from Capital Market Operations" account and the negative difference is accounted under "Loss from Capital Market Operations" account.

Held-to-maturity financial assets

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

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

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

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

Held to maturity assets are initially recognized at cost value.

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SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXIV. EXPLANATIONS ON PRIOR PERIOD ACCOUNTING POLICIES NOT AVAILABLE FOR THE CURRENT PERIOD (Continued)

Loans and receivables

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

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

The Bank sets specific and general provisions for loans and other receivables in accordance with the regulations stated by the Communiqué published on the Official Gazette numbered 26333 and dated 1 November 2006 on “Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions”. However, there is no judgement in the related Regulation and the BRSA's related disclosures that would prevent further provision of the minimum amounts required. Allocated provisions are deducted from the income for the period. The Bank reserves specific provisions for non-performing loans over the minimum ratios specified in the Regulation without considering the collaterals. If the receivables for which provisions were set in the previous years are collected, provision for allowances are released and recognized as income under “Other Operating Income” account. Releases of current period provisions are made by the reversal of the amount from the “Provision for Impairment of Loans and Other Receivables” account. The Bank allocates general provisions for the first and second group loans and other receivables above the minimum rates specified in the Regulation.

Available-for-sale financial assets

Available-for-sale financial assets are defined as financial assets other than the ones classified as “Loans and Receivables”, “Held-to-Maturity Assets” or “Financial Asset at Fair Value Through Profit or Loss”.

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

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

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

When there is no price quotation in an active market for price formations to constitute the basis of the fair value or in such a situation when the reasonable value is not measured confidentially; the fair value of the available-for-sale financial assets are carried at amortised cost using the effective interest method or appropriate valuation methods.

Regarding the banking operations of Ziraat Bank, there exist ineffective shares of Kredi Garanti Fonu, Turkish Trade Bank in receivership, Borsa İstanbul, Borica Bank Services AD, Central Bank of the Republic of Turkey and Milli Reasürans T.A.Ş. The related investments are classified under available-for-sale financial assets and are carried out at book value. The reason to explain the necessary action is the inability to reliably measure the subject asset type at fair value.

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SECTION FOUR

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

I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS’ EQUITY

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

As of 31 March 2018 Bank’s total capital has been calculated as TL 53.493.448 (31 December 2017: TL 50.097.067), capital adequacy ratio is 15,34% (31 December 2017: 15,20%). This ratio is well above the minimum ratio required by the legislation.

1. Information Related to The Components of Shareholders' Equity

	Current Period 31 March 2018	Amount as per the regulation before 1/1/2014*
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.600.000	-
Share issue premiums	-	-
Reserves	29.660.259	-
Gains recognized in equity as per TAS	4.902.507	-
Profit	15.189.059	-
Current Period Profit	1.730.061	-
Prior Period Profit	13.458.998	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	17.388	-
Common Equity Tier 1 Capital Before Deductions	55.369.213	-
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	2.058.122	-
Improvement costs for operating leasing	60.081	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	467.618	467.618
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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SECTION FOUR (Continued)

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

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

1. Information Related To The Components Of Shareholders' Equity (Continued)

	Current Period 31 March 2018	Amount as per the regulation before 1/1/2014*
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	2.585.821	-
Total Common Equity Tier I Capital	52.783.392	-
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	-	-
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items to be defined by the BRSA (-)	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 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	-	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	52.783.392	-
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	711.841	-
Tier II Capital Before Deductions	711.841	-
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	711.841	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	53.495.233	-

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

I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS' EQUITY

1. Information Related To The Components Of Shareholders' Equity (Continued)

	Current Period 31 March 2018	Amount as per the regulation before 1/1/2014*
Deductions from Total Capital	53.495.233	-
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 but Retained more than Five Years	-	-
Other items to be defined by the BRSA (-)	1.785	-
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)	53.493.448	-
Total Risk Weighted Assets	348.622.200	-
CAPITAL ADEQUACY RATIOS		
CET I Capital Ratio (%)	15,14	-
Tier I Capital Ratio (%)	15,14	-
Capital Adequacy Ratio (%)	15,34	-
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	1,89	-
a) Capital conservation buffer requirement (%)	1,88	-
b) Bank specific countercyclical buffer requirement (%)	0,018	-
c) Higher bank buffer requirement ratio (%)	-	-
Additional CET I Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	7,14	-
Amounts Lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	157.713	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	69.527	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	302.705	-
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)	912.618	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	711.841	-
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

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

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

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

1. Information Related To The Components Of Shareholders' Equity (Continued)

	Prior Period 31 December 2017	Amount as per the regulation before 1/1/2014*
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.600.000	-
Share issue premiums	-	-
Reserves	29.660.259	-
Gains recognized in equity as per TAS	5.708.945	-
Profit	7.940.121	-
Current Period Profit	7.940.121	-
Prior Period Profit	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	17.388	-
Common Equity Tier 1 Capital Before Deductions	48.926.713	-
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	1.916.885	-
Improvement costs for operating leasing	64.822	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	349.306	436.633
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	-	-
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	2.331.013	-
Total Common Equity Tier I Capital	46.595.700	-
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Additional Tier I Capital before Deductions		

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SECTION FOUR (Continued)

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

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

1. Information Related To The Components Of Shareholders' Equity (Continued)

	Prior Period 31 December 2017	Amount as per the regulation before 1/1/2014*
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items to be defined by the BRSA (-)	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	87.327	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	46.508.373	-
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	3.590.403	-
Tier II Capital Before Deductions	3.590.403	-
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	3.590.403	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	50.098.776	-
Deductions from Total Capital		
50.098.776		
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 but Retained more than Five Years	-	-
Other items to be defined by the BRSA (-)	1.709	-
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 (-)	-	-

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SECTION FOUR (Continued)

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

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

1. Information Related To The Components Of Shareholders' Equity (Continued)

	Prior Period 31 December 2017	Amount as per the regulation before 1/1/2014*
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	50.097.067	-
Total Risk Weighted Assets	329.495.006	-
CAPITAL ADEQUACY RATIOS		
CET 1 Capital Ratio (%)	14,14	-
Tier I Capital Ratio (%)	14,12	-
Capital Adequacy Ratio (%)	15,20	-
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	1,26	-
a) Capital conservation buffer requirement (%)	1,25	-
b) Bank specific countercyclical buffer requirement (%)	0,013	-
c) Higher bank buffer requirement ratio (%)	-	-
Additional CET 1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	6,14	-
Amounts Lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	156.212	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	68.380	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	-	-
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per the thousand)	5.391.870	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	3.590.403	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué 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	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(*) Amounts considered within transition provisions

(**) The systemic significant bank buffer ratio has been shown as 0 in the unconsolidated financial report since it is necessary to fill in the systematic significant banks that are not required to prepare financial statements in the context of the 4th paragraph of Article 4 of the "Regulation on Systemic Significant Banks".

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SECTION FOUR (Continued)

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

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

2. Information Related to the Components which Subject to Temporary Implementation in the Calculation of Equity
None.

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

Current Period 31 March 2018	Balance sheet value	Amount of correction	Value at capital report
Paid-in capital	5.600.000	-	5.600.000
Other Capital Reserves	(363)	(363)	-
Bonus Shares which are not accounted in the current period profit or loss of Associates, Subsidiaries and Joint-Ventures		(17.388)	17.388
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-)		(2.844.385)	2.844.385
Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss	3.705.475	3.705.475	-
Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss	(843.339)	(843.339)	-
Profit Reserves	29.660.259	-	29.660.259
Profit or Loss	15.189.059	-	15.189.059
Prior Periods’ Profit/Loss	13.458.998	-	13.458.998
Current Period Net Profit/Loss	1.730.061	-	1.730.061
Deductions from Common Equity Tier I Capital (*)		(527.699)	527.699
Common Equity Tier 1 capital	53.311.091	(527.699)	52.783.392
Tier 1 capital			52.783.392
Provisions			711.841
Tier 2 capital (**)		711.841	711.841
Shareholders’ Equity Adjustments (***)		(1.785)	1.785
Total Shareholders’ Equity	53.311.091	182.357	53.493.448

(*) The regulations cover Common Equity Tier 1 capital adjustments within the framework of paragraphs 9-1-b and c.

(**) The regulations cover general loan provisions included in Tier 2 capital within the framework of paragraphs 8-1-a.

(***) The regulations cover Shareholders’ Equity adjustments within the framework of paragraphs 9-8-ç.

II. EXPLANATIONS ON THE CURRENCY RISK

1. Whether the Bank is exposed to foreign currency risk, whether the effects of this matter are estimated, whether limits for the daily followed positions are determined by the Board of Directors

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

Moreover, dealer’s positions and limits for foreign exchange transactions are under the authorization of the Board of Directors.

2. Hedge against foreign exchange debt instruments and net foreign exchange investments by hedging derivative instruments, if material

None.

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SECTION FOUR (Continued)

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

II. EXPLANATIONS ON THE CURRENCY RISK (Continued)

3. Management policy for foreign currency risk

“Liquidity Gap Analysis”, “Repricing Gap Analysis” and “Structural Liquidity Gap Analysis” which takes into account historical repricing rates of foreign currency accounts, are prepared periodically in order to define liquidity and interest rate risks at US Dollar and Euro, which are mainly used by the Bank in its operations. Also, daily VAR analysis for following the currency risk and within the context of legal reporting, Foreign Currency Net General Position/Shareholders’ Equity Ratio and Foreign Currency Liquidity Position are also monitored regularly.

4. Current foreign exchange bid rates of the Bank for the last 5 business days prior to the financial statement date

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
26.03.2018	3,9574	4,9242	3,0540	0,6614	0,4836	4,1931	3,0642	0,5141	5,6298	1,0553	3,7647
27.03.2018	3,9636	4,9125	3,0532	0,6598	0,4816	4,1797	3,0785	0,5133	5,6054	1,0570	3,7499
28.03.2018	3,9869	4,9226	3,0544	0,6607	0,4794	4,1774	3,0894	0,5076	5,6211	1,0632	3,7549
29.03.2018	3,9408	4,8519	3,0261	0,6509	0,4710	4,1218	3,0599	0,5010	5,5357	1,0509	3,7038
30.03.2018	3,9349	4,8482	3,0251	0,6506	0,4718	4,1281	3,0524	0,5008	5,5254	1,0493	3,7052
31.03.2018	3,9349	4,8482	3,0251	0,6506	0,4718	4,1281	3,0524	0,5008	5,5254	1,0493	3,7052

5. Simple arithmetic average of the Bank’s current foreign exchange bid rates for the last 30 days prior to the balance sheet date

USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
3,8710	4,7698	3,0012	0,6404	0,4697	4,0844	2,9947	0,4965	5,4053	1,0322	3,6513

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SECTION FOUR (Continued)

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

II. EXPLANATIONS ON THE CURRENCY RISK (Continued)

6. Information on the foreign currency risk of the Bank

	EUR	USD	Other FC ⁽¹⁾	Total
Current Period 31 March 2018				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	9.603.979	25.100.138	10.131.719	44.835.836
Banks	1.049.283	1.172.705	389.286	2.611.274
Financial Assets at Fair Value Through Profit and Loss ⁽⁵⁾	-	20.132	-	20.132
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	4.365.961	14.262.276	58.751	18.686.988
Loans ⁽²⁾	32.751.948	51.252.685	176.793	84.181.426
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures) ⁽⁴⁾	1.364.365	817.141	-	2.181.506
Financial Assets Measured at Amortised Cost	727.614	4.246.828	634	4.975.076
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	5.226	264	2.801	8.291
Intangible Assets	2.620	-	4.863	7.483
Other Assets ⁽⁶⁾	615.410	458.753	18.442	1.092.605
Total Assets	50.486.406	97.330.922	10.783.289	158.600.617
Liabilities				
Interbank Deposits	6.929.736	4.075.327	122.544	11.127.607
Foreign Currency Deposits	61.986.258	36.218.992	6.646.227	104.851.477
Money Market Borrowings	401.584	14.352.372	-	14.753.956
Funds Provided from Other Financial Institutions	7.123.338	23.446.670	1.531	30.571.539
Issued Marketable Securities	194.414	9.341.258	33.401	9.569.073
Sundry Creditors	1.682.827	135.670	3.279	1.821.776
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	353.117	351.613	29.389	734.119
Total Liabilities	78.671.274	87.921.902	6.836.371	173.429.547
Net Balance Sheet Position	(28.184.868)	9.409.020	3.946.918	(14.828.930)
Net Off-Balance Sheet Position ⁽³⁾	28.890.043	(10.155.573)	(3.927.575)	14.806.895
Financial Derivative Assets	33.505.278	22.090.540	2.543.171	58.138.989
Financial Derivative Liabilities	4.615.235	32.246.113	6.470.746	43.332.094
Non-Cash Loans	25.948.404	36.024.829	4.377.302	66.350.535
Prior Period				
Total Assets	48.394.040	88.907.933	9.785.290	147.087.263
Total Liabilities	68.905.407	81.124.706	6.357.822	156.387.935
Net Balance Sheet Position	(20.511.367)	7.783.227	3.427.468	(9.300.672)
Net Off-Balance Sheet Position ⁽³⁾	23.054.551	(9.906.110)	(3.168.819)	9.979.622
Financial Derivative Assets	27.175.489	16.757.136	2.540.420	46.473.045
Financial Derivative Liabilities	4.120.938	26.663.246	5.709.239	36.493.423
Non-Cash Loans	24.590.211	34.244.001	4.339.203	63.173.415

¹⁾ Of the foreign currencies presented in the other FC column of assets 93,09% is Gold, 2,91% is GBP, 1,58% is IQD, 0,82% is SAR, and the remaining 1,60% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 65,01% is Gold, 17,05% is GBP, 8,05% is CHF, 3,15% is DKK, 1,39% SAR, 1,24% is SEK, 0,61% is BGN and the remaining 3,50% is other foreign currencies. (31 December 2017: Of the foreign currencies presented in the other FC column of assets 93,05% is Gold, 2,13% is GBP, 1,72% is IQD, 0,98% is SAR, and the remaining 2,12% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 64,17% is Gold, 17,54% is GBP, 8,17% is CHF, 3,09% is DKK, 1,27% is SEK, 1,26% is SAR, 0,74% is BGN and the remaining 3,76% is other foreign currencies).

²⁾ TL 1.457.388 equivalent of USD, TL 596.879 equivalent of EUR and TL 2.210 equivalent of GBP loans are originated as foreign currency indexed loans (31 December 2017: TL 1.356.454 equivalent of USD, TL 800.021 equivalent of EUR and TL 2.040 equivalent of GBP).

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

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

⁵⁾ Financial Assets and Liabilities at Fair Value Through Profit or Loss are not included in the table.

⁶⁾ Prepaid expenses in other assets amounting to TL 3.736 are not included in the table.

⁷⁾ Allowance for expected losses for financial assets and other assets are reflected in the related items.

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SECTION FOUR (Continued)

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

III. EXPLANATIONS ON THE INTEREST RATE RISK

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

(Based on days to repricing dates)

Current Period 31 March 2018	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	39.582.003	-	-	-	-	9.383.846	48.965.849
Banks	1.645.361	567.335	374.297	-	-	867.393	3.454.386
Financial Assets at Fair Value Through Profit and Loss	15.144	-	7.338	949	4.932	-	28.363
Money Market Placements	481.295	-	-	-	-	-	481.295
Financial Assets at Fair Value Through Other Comprehensive Income	2.594.043	9.461.063	14.697.258	18.206.404	20.199.308	1.151.040	66.309.116
Loans Given ⁽⁴⁾	82.036.642	39.630.857	60.978.557	107.560.642	22.669.977	390.141	313.266.816
Financial Assets Measured at Amortised Cost	1.456.905	11.502	2.423.087	1.126.346	1.874.884	-	6.892.724
Other Assets ⁽³⁾	177.902	721.240	314.206	55.968	11.141	16.690.068	17.970.525
Total Assets ⁽¹⁾	127.989.295	50.391.997	78.794.743	126.950.309	44.760.242	28.482.488	457.369.074
Liabilities							
Interbank Deposits	10.027.373	2.140.454	2.832.092	196.745	-	4.150.259	19.346.923
Other Deposits	130.878.794	34.730.427	30.101.766	586.717	5	67.288.755	263.586.464
Money Market Borrowings	51.199.366	1.975.127	2.381.328	438.882	-	-	55.994.703
Sundry Creditors	-	-	-	-	-	4.636.308	4.636.308
Issued Marketable Securities	1.224.680	2.079.718	792.808	7.295.120	1.967.450	-	13.359.776
Funds Provided from Other Financial Institutions	10.720.736	6.556.002	11.491.537	2.774.417	954.396	-	32.497.088
Other Liabilities ⁽²⁾⁽⁵⁾	497.752	220.566	108.384	5.821.236	-	61.299.874	67.947.812
Total Liabilities ⁽¹⁾	204.548.701	47.702.294	47.707.915	17.113.117	2.921.851	137.375.196	457.369.074
Balance Sheet Long Position	-	2.689.703	31.086.828	109.837.192	41.838.391	-	185.452.114
Balance Sheet Short Position	(76.559.406)	-	-	-	-	(108.892.708)	(185.452.114)
Off-Balance Sheet Long Position	109.976	1.380.277	10.392	-	-	-	1.500.645
Off-Balance Sheet Short Position	-	-	-	(1.114.395)	-	-	(1.114.395)
Total Position	(76.449.430)	4.069.980	31.097.220	108.722.797	41.838.391	(108.892.708)	386.250

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

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

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

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

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

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SECTION FOUR (Continued)

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

III. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

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

(Based on days to repricing dates)

Prior Period 31 December 2017	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 the Central Bank of the Republic of Turkey	33.665.995	-	-	-	-	10.602.669	44.268.664
Banks	2.374.898	259.040	629.578	-	-	1.039.233	4.302.749
Financial Assets at Fair Value Through Profit and Loss	622.361	466.003	269.435	41.073	5.010	-	1.403.882
Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	4.318.676	6.203.183	14.440.815	16.488.747	20.564.344	1.003.010	63.018.775
Loans Given ⁽⁴⁾	77.647.883	20.759.870	73.007.848	103.727.833	22.889.112	225.486	298.258.032
Financial Assets Measured at Amortised Cost	2.841.118	38.661	1.284.665	1.628.610	1.802.833	-	7.595.887
Other Assets ⁽³⁾	-	-	-	-	-	15.426.520	15.426.520
Total Assets ⁽¹⁾	121.470.931	27.726.757	89.632.341	121.886.263	45.261.299	28.296.918	434.274.509
Liabilities							
Interbank Deposits	7.936.511	2.043.470	2.855.884	75.496	-	2.457.290	15.368.651
Other Deposits	129.633.539	24.773.395	29.693.906	518.350	8	66.396.340	251.015.538
Money Market Borrowings	52.066.385	1.823.512	1.524.704	843.125	-	-	56.257.726
Sundry Creditors	-	-	-	-	-	4.022.061	4.022.061
Issued Marketable Securities	1.037.669	1.589.707	1.247.993	6.994.600	1.887.400	-	12.757.369
Funds Provided from Other Financial Institutions	4.413.676	6.970.116	13.834.711	2.836.524	1.009.768	-	29.064.795
Other Liabilities ⁽²⁾⁽⁵⁾	230.985	165.293	100.049	6.024.457	-	59.267.585	65.788.369
Total Liabilities ⁽¹⁾	195.318.765	37.365.493	49.257.247	17.292.552	2.897.176	132.143.276	434.274.509
Balance Sheet Long Position	-	-	40.375.094	104.593.711	42.364.123	-	187.332.928
Balance Sheet Short Position	(73.847.834)	(9.638.736)	-	-	-	(103.846.358)	(187.332.928)
Off Balance Sheet Long Position	479.826	1.397.138	-	-	-	-	1.876.964
Off Balance Sheet Short Position	-	-	(9.626)	(1.113.533)	-	-	(1.123.159)
Total Position	(73.368.008)	(8.241.598)	40.365.468	103.480.178	42.364.123	(103.846.358)	753.805

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

⁽²⁾ The fund for the risk for loans not belonging to the Bank balance amounting to TL 5.972.568 is shown under the “1 - 5 Years” column. TL 58.007 of fund balance is not granted as loan and is shown under the “Non-Interest Bearing” column.

⁽³⁾ Deferred tax asset is shown under the “Non-Interest Bearing” column.

⁽⁴⁾ Net balance of loans under follow-up is shown under the “Non-Interest Bearing” column in loans given.

⁽⁵⁾ Total shareholders’ equity is shown under the “Non-Interest Bearing” column.

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SECTION FOUR (Continued)

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

III. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

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

	EUR	USD	JPY	TL
Current Period 31 March 2018				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	0,12	1,46	-	4,08
Banks	0,10	3,26	-	12,05
Financial Assets at Fair Value Through Profit and Loss	-	5,36	-	9,80
Money Market Placements	-	-	-	12,75
Financial Assets at Fair Value Through Other Comprehensive Income	4,74	5,65	-	9,99
Loans Given ⁽²⁾	4,56	6,15	4,04	14,11
Financial Assets Measured at Amortised Cost	6,63	7,20	-	10,47
Liabilities				
Interbank Deposits ⁽³⁾	0,50	2,30	-	12,31
Other Deposits ⁽⁴⁾	1,09	1,94	-	7,93
Money Market Borrowings	0,92	2,73	-	12,73
Sundry Creditors	-	-	-	-
Issued Marketable Securities	0,61	4,77	1,50	14,02
Funds Provided from Other Financial Institutions	1,20	3,30	-	11,19

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

⁽²⁾ Credit card loan balances are not included.

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

⁽⁴⁾ Rates include also demand deposit data.

	EUR	USD	JPY	TL
Prior Period 31 December 2017				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	0,81	-	3,99
Banks	0,42	2,28	-	12,28
Financial Assets at Fair Value Through Profit and Loss	-	5,36	-	10,72
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4,74	5,61	-	9,90
Loans Given ⁽²⁾	4,51	6,02	-	13,44
Investments Held-to-Maturity	6,63	7,20	-	11,05
Liabilities				
Interbank Deposits ⁽³⁾	0,48	1,57	-	12,47
Other Deposits ⁽⁴⁾	1,05	1,73	-	7,67
Money Market Borrowings	0,92	2,44	-	12,74
Sundry Creditors	-	-	-	-
Issued Marketable Securities	1,00	4,74	1,50	13,72
Funds Provided from Other Financial Institutions	1,21	3,02	-	10,51

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

⁽²⁾ Credit card loans balances are not included.

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

⁽⁴⁾ Rates include also demand deposit data.

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SECTION FOUR (Continued)

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

IV. EXPLANATIONS ON THE POSITION RISK OF EQUITY SECURITIES

1. Equity Securities Position Risk Derived from Banking Books

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

	Comparison		
	Balance Sheet Value	Fair Value	Market Value
Investments in Equity Instruments			
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 ^(*)	138.519	138.519	-

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

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

The investments in equity instruments, partaking in banking accounts according to the credit risk standard method, are amounted TL 138.519 and 100% of them are risk weighted (31 December 2017: are amounted TL 137.407 and 100% of them are risk weighted).

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

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

The Bank performs “Remaining Maturity Analysis” for the observation of the maturity structure of the balance sheet, “Liquidity Gap” and “Structural Liquidity Gap Analysis” for the monitoring of the liquidity and between periods and Liquidity Stress Test for the evaluation of the Bank’s liquidity and in the worst case scenario and the loss associated with it. The renewal of deposits which constitutes the Bank’s most crucial funding resource is monitored on a daily basis. Besides, in order to compare the Bank’s level of liquidity risk with the sector, average remaining maturity balances of Bank-Sector maturity structure and legal liquidity rates are monitored.

1. Liquidity Risk

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

The Bank’s risk capacity, risk appetite, responsibilities and tasks of liquidity risk management and 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 Bank. In this context, liquidity risk strategies, policies implementations are published in periodically on weeks, months and years with all of the units with board directors in bank. Moreover, analyses done and reports are handled in the Assets-Liability Commission Conferences, Board of Director is informed by Audit Commission.

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 Bank and its partners, the compulsory directions and treats are moderated by Treasury Management and International Banking Assistant General Management to direct liquidity risk and surpluses in effective way.

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SECTION FOUR (Continued)

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

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

1. Liquidity Risk (Continued)

Explanation related to policies regarding fund resources times variations of funding strategy of bank

The Bank’s fundamental funding resources are deposits, the strategy of preserving the common base structure of deposits are sustained. Moreover, within the diversification strategy of resources structure, long-term and appropriate costed resources rate that are out of deposits are aimed to be raised. In the resources out of deposits; repurchase agreements, post finance, syndication credits, credits assured by international finance associations, exported securities, capital market transactions and credits taken by bilateral agreements are placed.

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

The Bank’s total liabilities are consisted of mostly TL, USD and EUR currencies. Besides these currencies, valid for other currencies, daily and long-term cash flows are pursued and liquidity management is formed in effective way by some projections are being performed regarding future.

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

The Bank’s source of funds is mainly formed of deposits. The Bank’s deposits do not fluctuate considerably in line with the broadly dispersed customer network. Besides, in order to increase the fund range and decrease the maturity gap between assets and liabilities, giving weight to liabilities other than deposits such as bond/bill issuance, repo and funds borrowed.

As for the asset side of the Bank, within the scope of reformatting short-term cash cycle, dissonance reducing the maturity of asset and liability, the policy for shortening the average maturity on loans 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 bank. These actions have been shared with key management and all related units for the purpose of taking necessary precautions. Additionally, stress tests also taken into consideration on subjects like the Bank’s estimated financial position for the next period, the progress of legal ratios and the liquidity need in short and long term as part of budget practices.

General information on liquidity urgent and unexpected situation plan

The internal and external sources which can be used in an emergency case to satisfy the liquidity need are periodically followed and the borrowing limits of the Bank from organized market and other banks are on the level where they meet the structural liquidity deficits on different maturity segments. The Bank lines off its exposition to liquidity risk by limits that are approved 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 OF THE BANK (Continued)

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

2. Liquidity Coverage Ratio (Continued)

Within the framework of "Regulation on Calculation of Liquidity Covered Rate of Banks" published in the Official Gazette dated 21 March 2014 and numbered 28948 by the BRSA, the Bank calculates the Liquidity Cover Rate and transmits unconsolidated on weekly and consolidated on monthly basis to the BRSA. Within the last 3 months the unconsolidated lowest ratios are as follows: Take place for FC as 176,97% in the week of 16 March 2018; and for the total 85,91% in the week of 16 March 2018.

As for the highest ratios take place for FC as 266,26 % in the week of 2 March 2018 and for the total as 101,69% in the week of 19 January 2018 (31 December 2017: Within the last 3 months the unconsolidated lowest ratios are as follows: Take place for FC as 184,50% in the week of 10 November 2017; and for the total 90,14% in the week of 15 December 2017. As for the highest ratios take place for FC as 252,43 % in the week of 6 October 2017 and for the total as 108,09% in the week of 20 October 2017).

	Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
	TL+FC	FC	TL+FC	FC
Current Period 31 March 2018				
High Quality Liquid Assets				
High Quality Liquid Assets			52.980.274	43.595.714
Cash Outflows				
Retail and Small Business Customers, of which;	182.034.480	74.020.457	15.018.947	7.402.046
Stable deposits	63.690.017	-	3.184.501	-
Less stable deposits	118.344.463	74.020.457	11.834.446	7.402.046
Unsecured wholesale funding, of which;	85.248.950	35.159.498	47.153.330	22.713.144
Operational deposit	4.486.765	121.825	1.121.691	30.456
Non-operational deposits	66.872.506	26.251.394	32.777.749	14.095.392
Other unsecured funding	13.889.679	8.786.279	13.253.890	8.587.296
Secured funding				
Other cash outflows, of which;	37.489.081	8.065.756	6.174.181	4.349.099
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.463.993	2.553.439	2.463.993	2.553.439
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	35.025.088	5.512.317	3.710.188	1.795.660
Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	40.103.936	27.513.775	2.071.001	1.375.689
Total Cash Outflows			70.417.459	35.839.978
Cash Inflows				
Secured lending	-	-	-	-
Unsecured lending	19.163.565	5.480.814	12.530.595	4.325.656
Other cash inflows	1.676.319	12.303.539	1.676.319	12.303.539
Total Cash Inflows	20.839.884	17.784.353	14.206.914	16.629.195
			Upper Limit	Applied Amounts
Total HQLA Stock			52.980.274	43.595.714
Total Net Cash Outflows			56.210.545	19.210.783
Liquidity Coverage Ratio (%)			94,25	226,93

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

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

V. EXPLANATIONS ON THE 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 31 December 2017				
High Quality Liquid Assets				
High Quality Liquid Assets			51.990.108	40.322.702
Cash Outflows				
Retail and Small Business Customers, of which;	175.184.051	68.348.200	14.374.069	6.834.820
Stable deposits	62.886.712	-	3.144.335	-
Less stable deposits	112.297.339	68.348.200	11.229.734	6.834.820
Unsecured wholesale funding , of which;	82.710.386	32.522.190	44.522.787	19.745.309
Operational deposit	4.311.083	128.204	1.077.771	32.051
Non-operational deposits	65.389.711	24.659.350	31.108.251	12.646.729
Other unsecured funding	13.009.592	7.734.636	12.336.765	7.066.529
Secured funding			-	-
Other cash outflows, of which;	34.920.356	8.214.972	5.986.870	4.575.039
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.448.025	2.819.093	2.448.025	2.819.093
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	32.472.331	5.395.879	3.538.845	1.755.946
Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	39.743.078	28.354.606	2.473.441	1.836.495
Total Cash Outflows			67.357.167	32.991.663
Cash Inflows				
Secured lending	-	-	-	-
Unsecured lending	19.140.288	5.236.066	12.512.781	4.007.020
Other cash inflows	1.546.184	9.397.561	1.546.184	9.397.561
Total Cash Inflows	20.686.472	14.633.627	14.058.965	13.404.581
			Upper Limit Applied Amounts	
Total HQLA Stock			51.990.108	40.322.702
Total Net Cash Outflows			53.298.202	19.587.082
Liquidity Coverage Ratio (%)			97,55	205,86

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

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

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

3. Minimum Statements Concerning Liquidity Coverage Ratio by Banks

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

Bank deposit, which has not a fluctuant structure, together with constituting an important part of its sources and liquidity coverage ratio, in proportion to other deposits, public deposits can cause periodic changes within total deposits. When comparing with the previous periods, the percentage of the total deposit in financial statement does not change and has an increasing sail.

As well as its low turn into cash ratio, since the non-cash loans has a remarkable extent in proportion to financial statement, they have an influence on the calculation of liquidity coverage ratio. Comparing to previous periods, non-cash loans are tend to increase.

As a warrant of increasing repo transactions in time, bond and bill has been used which issuance by the Republic of Turkey Prime Ministry Undersecretariat of Treasury. Making repo transactions with these securities that consisting a huge part of the security portfolio, affect free securities which are accepted in high quality liquid asset classification in calculation of liquidity coverage ratio. Since the securities used in repo transactions lose the characteristic of being free, even if all other conditions fulfilled, they are not considered as high quality liquid asset.

High quality liquid assets are comprised to which items

All of the high-quality liquid assets of 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 Republic of Turkey Prime Ministry Undersecretariat of Treasury, other bonds).

Funds are comprised of which items and their volume in all funds

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

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

Derivative operations in Bank are carried out on the purpose of protection from the risks that may exist or occur in the balance sheet, liquidity management, or meet 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) with additional, as well as operations performed by the banks is performed again ISDA and CSA contracts signed. Operations performed under the said contracts in the determined periods are subject to daily market valuation and additional collateralization as cash. Operations could create additional collateral input or output depending on market valuation.

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

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

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

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

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

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

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SECTION FOUR (Continued)

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

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

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (1) (2)	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	48.965.849	-	-	-	-	-	-	48.965.849
Banks	867.393	1.645.361	567.335	374.297	-	-	-	3.454.386
Financial Assets at Fair Value Through Profit and Loss	-	15.144	-	7.338	949	4.932	-	28.363
Money Market Placements	-	481.295	-	-	-	-	-	481.295
Financial Assets Available-for-Sale	-	426.576	2.973.608	6.350.928	23.523.738	31.931.257	1.103.009	66.309.116
Loans Given	-	10.418.180	21.018.258	110.773.954	132.731.049	37.935.234	390.141	313.266.816
Investments Held-to-Maturity	-	1.456.905	11.502	651.179	2.898.254	1.874.884	-	6.892.724
Other Assets	2.325.614	177.902	721.240	315.093	55.968	11.141	14.363.567	17.970.525
Total Assets	52.158.856	14.621.363	25.291.943	118.472.789	159.209.958	71.757.448	15.856.717	457.369.074
Liabilities								
Interbank Deposits	4.150.259	10.027.373	2.140.454	2.832.092	196.745	-	-	19.346.923
Other Deposits	67.288.756	130.873.293	34.717.478	30.010.104	661.144	35.689	-	263.586.464
Funds Provided from Other Financial Institutions	-	7.544.331	4.576.563	10.094.306	7.472.425	2.809.463	-	32.497.088
Money Market Borrowings	-	51.199.366	1.975.127	2.381.328	438.882	-	-	55.994.703
Issued Marketable Securities	-	1.224.680	2.079.718	792.808	7.295.120	1.967.450	-	13.359.776
Sundry Creditors	3.066.595	1.569.713	-	-	-	-	-	4.636.308
Other Liabilities (3)	3.002.503	1.054.402	1.136.893	108.384	5.821.236	1.350.050	55.474.344	67.947.812
Total Liabilities	77.508.113	203.493.158	46.626.233	46.219.022	21.885.552	6.162.652	55.474.344	457.369.074
Liquidity Gap	(25.349.257)	(188.871.795)	(21.334.290)	72.253.767	137.324.406	65.594.796	(39.617.627)	-
Net Off-Balance Sheet Position								
Financial Derivative Assets	-	(86.764)	(95.311)	(22.955)	591.284	-	-	386.254
Financial Derivative Liabilities	-	26.414.865	21.191.776	4.109.723	2.629.011	-	-	54.345.375
Non-cash Loans	44.028.535	1.879.919	4.254.504	24.746.047	22.147.897	2.970.803	-	100.027.705
Prior Period								
Total Assets	47.411.238	15.868.626	21.295.190	112.351.941	154.730.427	68.171.924	14.445.163	434.274.509
Total Liabilities	73.923.133	194.352.178	34.965.623	50.345.294	20.298.672	5.886.416	54.503.193	434.274.509
Liquidity Gap	(26.511.895)	(178.483.552)	(13.670.433)	62.006.647	134.431.755	62.285.508	(40.058.030)	-
Net Off-Balance Sheet Position								
Financial Derivative Assets	-	291.086	(48.566)	(9.626)	520.911	-	-	753.805
Financial Derivative Liabilities	-	31.403.786	5.393.817	3.674.751	2.487.182	-	-	42.959.536
Non-cash Loans	-	31.112.700	5.442.383	3.684.377	1.966.271	-	-	42.205.731
	44.386.984	1.797.621	4.116.299	23.142.701	19.205.108	3.458.413	-	96.107.126

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

(2) Deferred tax asset is included under the "Undistributed" column

(3) Non-performing loans net-off related provision for expected loss of stage 3 loans an expected losses for stage 1 and stage 2 are presented in "non-interest bearing" column.

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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SECTION FOUR (Continued)

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

VI. EXPLANATIONS ON LEVERAGE

1. Explanations on the Difference Between the Prior and Current Period of Leverage Ratio

The Bank’s leverage calculated by force of the regulation “Regulation on Measurement and Assessment of Leverage Ratios of Banks” is 9,04% (31 December 2017: 8,13%). The decrease on leverage results occur from the increase on total risk amount. The regulation sentenced the minimum leverage as 3%.

	Current Period ^(*) 31 March 2018	Prior Period ^(*) 31 December 2017
Balance sheet assets		
On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	448.067.367	430.766.423
(Assets deducted in determining Tier 1 capital)	(2.307.454)	(2.516.479)
Total on-balance sheet risks (sum of lines 1 and 2)	445.759.913	428.249.944
Derivative financial instruments and credit derivatives		
Replacement cost associated with all derivative financial instruments and credit Derivatives	1.238.274	1.581.527
Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	585.773	499.682
Total risks of derivative financial instruments and credit derivatives	1.824.047	2.081.209
Securities or commodity financing transactions (SCFT)		
Risks from SCFT assets	4.852.043	5.102.762
Risks from brokerage activities related exposures	-	-
Total risks related with securities or commodity financing transactions	4.852.043	5.102.762
Other off-balance sheet transactions		
Gross notional amounts of off-balance sheet transactions	132.373.267	127.578.228
(Adjustments for conversion to credit equivalent amounts)	-	-
Total risks of off-balance sheet items	132.373.267	127.578.228
Capital and total risks		
Tier 1 capital	52.865.096	45.764.096
Total risks	584.809.270	563.012.143
Leverage ratio		
Leverage ratio (%)	9,04	8,13

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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SECTION FOUR (Continued)

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

VII. EXPLANATIONS ON RISK MANAGEMENT

Notes and explanations prepared in accordance with “the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks” published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016 are presented in this section. As of 31 March 2018, the following notes to be presented on a quarterly and semi-annually basis according to Communiqué have not been presented due to usage of standard approach for the calculation of capital adequacy by the Bank.

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

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

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

1. Explanations on Risk Management and Risk Weighted Amount (Continued)

Overview of Risk Weighted Amounts

		Risk Weighted Amount	Minimum capital requirement
		Current Period	Current Period
		31 March 2018	31 March 2018
1	Credit Risk (excluding counterparty credit risk)	294.576.578	23.566.126
2	Standardised approach	294.576.578	23.566.126
3	Internal rating-based approach	-	-
4	Counterparty credit risk	3.297.979	263.838
5	Standardised approach for counterparty credit risk	3.297.979	263.838
6	Internal model method	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-
8	Investments made in collective investment companies-look through approach	-	-
9	Investments made in collective investment companies-mandate-based approach	2.524.722	201.978
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	18.804.230	1.504.338
17	Standardised approach	18.804.230	1.504.338
18	Internal model approaches	-	-
19	Operational risk	29.418.691	2.353.495
20	Basic Indicator approach	29.418.691	2.353.495
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)	348.622.200	27.889.775

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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SECTION FOUR (Continued)

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

VII. EXPLANATIONS ON RISK MANAGEMENT

1. Explanations on Risk Management and Risk Weighted Amount (Continued)

Overview of Risk Weighted Amounts

		Risk Weighted Amount	Minimum capital requirement
		Prior Period	Prior Period
		31 December 2017	31 December 2017
1	Credit Risk (excluding counterparty credit risk)	281.524.899	22.521.992
2	Standardised approach	281.524.899	22.521.992
3	Internal rating-based approach	-	-
4	Counterparty credit risk	3.363.968	269.117
5	Standardised approach for counterparty credit risk	3.363.968	269.117
6	Internal model method	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-
8	Investments made in collective investment companies-look through approach	-	-
9	Investments made in collective investment companies-mandate-based approach	2.343.399	187.472
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	18.610.561	1.488.845
17	Standardised approach	18.610.561	1.488.845
18	Internal model approaches	-	-
19	Operational risk	23.652.179	1.892.174
20	Basic Indicator approach	23.652.179	1.892.174
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)	329.495.006	26.359.600

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2018

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

SECTION FOUR (Continued)

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

VIII. EXPLANATIONS ON OPERATING SEGMENTS

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

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

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

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

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

Treasury transactions and international banking activities are conducted by the Treasury Management and International Banking Executive Vice Presidency By foregoing departments, the Bank’s liquidity is used for Turkish Lira, foreign exchange and securities transactions in local and international organized and over-the-counter markets, and enables sources of funds in Turkish Lira and foreign currencies according to the needs of the Bank. The Bank acts as an intermediary for transaction of securities and Eurobonds by the related departments, for transaction of shares and public offerings as an agency of Ziraat Yatırım Menkul Değerler A.Ş. and for transaction of investment funds founded by Ziraat Portföy Yönetimi A.Ş. and other portfolio management companies’, and keeps records of these financial instruments and the Bank performs repo/reverse repo transactions. Besides the Bank performs derivative transactions which are accounted as held for trading. As financial derivative transactions, the Bank performs foreign currency forward agreements and currency swap transactions. Besides, the Bank has commission revenue from insurance and other finance institutions by rendering agency services through its branches.

Besides, the Bank has commission revenue from insurance and other finance institutions by rendering agency services through its Branches.

As of 31 March 2018 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”.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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SECTION FOUR (Continued)

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

VIII. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

1. Table for Segment Reporting

Current Period 31 March 2018	Retail Banking	Corporate/ Entrepreneurial Banking	Specialized Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
OPERATING INCOME/EXPENSE						
Interest Income	2.579.974	3.362.265	1.570.246	2.531.896	24.171	10.068.552
Interest Income from Loans	2.579.974	3.362.265	1.570.246	763.494	-	8.275.979
Interest Income from Banks	-	-	-	43.623	-	43.623
Interest Income from Securities	-	-	-	1.599.898	-	1.599.898
Other Interest Income	-	-	-	124.881	24.171	149.052
Interest Expense	2.275.411	1.027.375	-	2.077.333	52.758	5.432.877
Interest Expense on Deposits	2.275.411	1.027.375	-	231.344	-	3.534.130
Interest Expense on Funds Borrowed	-	-	-	240.399	-	240.399
Interest Expense on Money Market Transactions	-	-	-	1.376.443	-	1.376.443
Interest Expense on Securities Issued	-	-	-	229.147	-	229.147
Other Interest Expense	-	-	-	-	52.758	52.758
Net Interest Income/Expense	304.563	2.334.890	1.570.246	454.563	(28.587)	4.635.675
Net Fees and Commission Income/Expense	388.931	292.464	25.119	(106.808)	16.269	615.975
Fees and Commissions Received	388.931	292.464	25.119	3.209	40.188	749.911
Fees and Commissions Paid	-	-	-	110.017	23.919	133.936
Personnel Expense	-	-	-	-	704.122	704.122
Dividend Income	-	-	-	2.028	-	2.028
Trading Income/Loss (Net)	-	-	-	(577.508)	-	(577.508)
Other Operating Income	7.618	40.920	6.970	579	377.509	433.596
Provision for Loans or Other Receivables Losses	281.041	560.003	186.906	10.355	-	1.038.305
Other Operating Expense	387.832	9.883	13.035	-	704.596	1.115.346
Income Before Tax	32.239	2.098.388	1.402.394	(237.501)	(1.043.527)	2.251.993
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	-	-
Tax Provision	-	-	-	-	(521.932)	(521.932)
Net Profit/Loss	32.239	2.098.388	1.402.394	(237.501)	(1.565.459)	1.730.061
SEGMENT ASSETS						
Financial Assets at FV Through P/L	-	-	-	28.363	-	28.363
Banks and Other Financial Institutions	-	-	-	3.935.681	-	3.935.681
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	66.309.116	-	66.309.116
Loans	86.274.434	159.037.195	57.319.881	10.635.306	-	313.266.816
Financial Assets Measured at Amortised Cost	-	-	-	6.892.724	-	6.892.724
Derivative Financial Assets	-	-	-	1.216.164	-	1.216.164
Associates, Subsidiaries and Joint Ventures	-	-	-	5.811.891	-	5.811.891
Other Assets	15.963	787.408	59.166	45.703.734	13.342.048	59.908.319
TOTAL SEGMENT ASSETS	86.290.397	159.824.603	57.379.047	140.532.979	13.342.048	457.369.074
SEGMENT LIABILITIES						
Deposits	205.188.958	53.953.327	-	19.346.923	4.444.179	282.933.387
Derivative Financial Liabilities	-	-	-	567.772	-	567.772
Funds Borrowed	-	-	-	32.497.088	-	32.497.088
Money Market Funds	4.174	156.573	-	55.833.956	-	55.994.703
Securities Issued (Net)	-	-	-	13.359.776	-	13.359.776
Provisions	-	327.347	-	-	2.994.790	3.322.137
Other Liabilities	-	-	-	-	15.383.120	15.383.120
Shareholders' Equity	-	-	-	-	53.311.091	53.311.091
TOTAL SEGMENT LIABILITIES	205.193.132	54.437.247	-	121.605.515	76.133.180	457.369.074
OTHER SEGMENT ITEMS						
Capital Investment	-	-	-	-	-	-
Amortization Expense	-	-	-	-	68.346	68.346
Restructuring Costs	-	-	-	-	-	-

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SECTION FOUR (Continued)

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

VIII. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

1. Table for Segment Reporting (Continued)

Prior Period	Retail Banking	Corporate/ Entrepreneurial Banking	Specialized Banking	Treasury/ Investment Banking	Other /Undistributed	Total
OPERATING INCOME/EXPENSE-31.03.2017						
Interest Income	2.024.677	2.786.566	1.300.952	2.072.721	20.024	8.204.940
Interest Income from Loans	2.024.677	2.786.566	1.300.952	142.770	-	6.254.965
Interest Income from Banks	-	-	-	26.361	-	26.361
Interest Income from Securities	-	-	-	1.690.828	-	1.690.828
Other Interest Income	-	-	-	212.762	20.024	232.786
Interest Expense	1.662.182	821.462	-	1.389.318	23.066	3.896.028
Interest Expense on Deposits	1.662.182	821.462	-	160.819	-	2.644.463
Interest Expense on Funds Borrowed	-	-	-	142.651	-	142.651
Interest Expense on Money Market Transactions	-	-	-	970.149	-	970.149
Interest Expense on Securities Issued	-	-	-	115.699	-	115.699
Other Interest Expense	-	-	-	-	23.066	23.066
Net Interest Income/Expense	362.495	1.965.104	1.300.952	683.403	(3.042)	4.308.912
Net Fees and Commission Income/Expense	327.380	214.176	25.903	(68.657)	595	499.397
Fees and Commissions Received	327.380	214.176	25.903	1.239	31.989	600.687
Fees and Commissions Paid	-	-	-	69.896	31.394	101.290
Dividend Income	-	-	-	3.309	-	3.309
Trading Income/Loss (Net)	-	-	-	101.874	-	101.874
Other Operating Income	11.093	68.751	9.014	400	327.393	416.651
Provision for Loans or Other Receivables Losses	185.678	324.083	129.481	213	327.500	966.955
Other Operating Expense	34.750	96.336	12.735	-	1.371.990	1.515.811
Income Before Tax	480.540	1.827.612	1.193.653	720.116	(1.374.544)	2.847.377
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	-	-
Tax Provision	-	-	-	-	(676.992)	(676.992)
Net Profit/Loss	480.540	1.827.612	1.193.653	720.116	(2.051.536)	2.170.385
SEGMENT ASSETS-31 December 2017						
Financial Assets at FV Through P/L	-	-	-	1.403.882	-	1.403.882
Banks and Other Financial Institutions	-	-	-	4.302.749	-	4.302.749
Financial Assets Available for Sale (Net)	-	-	-	63.018.775	-	63.018.775
Loans	84.454.431	149.639.442	54.642.948	9.521.211	-	298.258.032
Held to Maturity Investments (Net)	-	-	-	7.595.887	-	7.595.887
Associates, Subsidiaries and Joint Ventures	-	-	-	5.311.894	-	5.311.894
Other Assets	-	-	-	-	54.383.290	54.383.290
TOTAL SEGMENT ASSETS	84.454.431	149.639.442	54.642.948	91.154.398	54.383.290	434.274.509
SEGMENT LIABILITIES-31 December 2017						
Deposits	191.167.462	55.760.907	-	15.368.651	4.087.169	266.384.189
Derivative Financial Liabilities Held for Trading	-	-	-	547.769	-	547.769
Funds Borrowed	-	-	-	29.064.795	-	29.064.795
Money Market Funds	-	-	-	56.257.726	-	56.257.726
Securities Issued (Net)	-	-	-	12.757.369	-	12.757.369
Provisions	-	-	-	-	8.518.967	8.518.967
Other Liabilities	-	-	-	-	13.733.866	13.733.866
Shareholders' Equity	-	-	-	-	47.009.828	47.009.828
TOTAL SEGMENT LIABILITIES	191.167.462	55.760.907	-	113.996.310	73.349.830	434.274.509
OTHER SEGMENT ITEMS -31 March 2017						
Capital Investment	-	-	-	-	-	-
Amortization Expense	-	-	-	-	109.419	109.419
Restructuring Costs	-	-	-	-	-	-

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Current Period)

1. Information on Cash and Balances with Central Bank of the Republic of Turkey

	Current Period 31 March 2018	
	TL	FC
Cash in TL/Foreign Currency	1.940.024	1.277.447
Central Bank of the Republic of Turkey	2.190.253	43.513.481
Other	250	44.908
Total	4.130.527	44.835.836

Information on Required Reserves

Banks that are established in Turkey or performing their operations by opening new 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 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.

As of the balance sheet date, according to CBRT’s Communiqué about Required Reserves No. 2016/4, the required reserves ratios for commercial banks operating in Turkey are as follows: for demand deposits, notice deposits and for deposits up to 1-month maturity, and for deposits up to 3-months maturity 10,5%; for deposits up to 6-months maturity 7,5%; for deposits up to 1-year maturity 5,5%; for deposits 1-year and longer maturity 4%; for TL liabilities other than deposits up to 1-year maturity 10,5%; for TL liabilities other than deposits between 1- and 3-years maturity 7%; for TL liabilities other than deposits more than 3-years maturity 4%; for FC deposit accounts, demand deposits, up to 1-month, up to 3-months, up to 6-months and up to 1-year maturities 12%; for FC deposit accounts with 1-year and longer maturity 8%, for FC liabilities other than deposits up to 1-year maturity 24%; for FC liabilities other than deposits up to 2-years maturity 19%; for FC liabilities other than deposits up to 3-years maturity 14%; for FC liabilities other than deposits up to 5-years maturity 6%; and for FC liabilities other than deposits more than 5-years maturity 4%.

According to the press release of CBRT held on 21 October 2014, interest payment for Turkish Lira reserve requirement has been commenced from the November 2014 maintenance period. In addition, according to Press Release of CBRT on Remuneration of Foreign Currency Required and Free Reserves numbered 2015/35, the implementation of remuneration for US dollars denominated required reserves, reserve options and free reserves held at CBRT has been started as of 5 May 2015.

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

	Current Period 31 March 2018	
	TL	FC
Unrestricted Demand Deposit	1.992.097	4.119.091
Unrestricted Time Deposit	-	-
Restricted Time Deposit	-	-
Other ⁽¹⁾	198.156	39.394.390
Total	2.190.253	43.513.481

⁽¹⁾ Includes required reserves and CBRT Restricted Electronic Money Funds amounting to TL 10.029. Required reserve of branches abroad amounting to TL 121.016 is presented in this line. TL 22.238.654 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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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Current Period) (Continued)

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

None.

3. Positive Differences Related to The Derivative Financial Assets

	Current Period 31 March 2018	
	TL	FC
Derivative financial assets held-for-trading		
Forward Transactions	83.680	38.071
Swap Transactions	849.697	241.608
Futures Transactions	-	-
Options	1.705	1.403
Other	-	-
Total	935.082	281.082

4. Information on Banks and Other Financial Institutions

4.1. Information on Bank Balances

	Current Period 31 March 2018	
	TL	FC
Banks		
Domestic Banks	666.575	496.462
Foreign Banks	178.517	2.114.930
Foreign Head Office and Branches	-	-
Total	845.092	2.611.392

5. Explanation Regarding to the Comparison of Net Values of Financial Assets Available-For-Sale Given or Blocked as Collateral and Subject to Repurchase Agreements

	Current Period 31 March 2018
Assets Subject to Repurchase Agreements	15.169.770
Assets Blocked/Given as Collateral	49.371.086
Total	64.540.856

6. Information on financial assets at fair value through other comprehensive income

	Current Period 31 March 2018
Debt Securities	68.379.489
Quoted in Stock Exchange	68.287.169
Not Quoted in Stock Exchange	92.320
Share Certificates	1.119.100
Quoted in Stock Exchange	964.492
Not Quoted in Stock Exchange	154.608
Provision for Impairment (-)	3.189.473
Total	66.309.116

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Current Period) (Continued)

7. Information Related to Loans

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

	Current Period 31 March 2018	
	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	-
Legal Entities	-	-
Individuals	-	-
Indirect Loans Granted to Shareholders	-	-
Loans Granted to Employees ^{(1) (2)}	364.372	-
Total	364.372	-

(1) Interest rediscount and interest accrual amounting TL 3.370, are not included in the table above.

(2) Since the balance of overdraft accounts related to employees amounting TL 15.310, 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 Restructured or Rescheduled Loans

Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled	
			Loans with revised contract terms	Refinancing
Non-Specialized Loans	242.720.138	8.830.010	177.708	-
Commercial Loans	150.051.938	3.231.233	133.487	-
Export Loans	4.876.094	23.944	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	1.192.654	4.543.143	-	-
Consumer Loans	80.980.059	981.993	43.175	-
Credit Cards	4.235.771	43.957	1.046	-
Other	1.383.622	5.740	-	-
Specialized Lending ^{(1) (2)}	52.934.985	1.166.201	138.226	-
Other Receivables	-	-	-	-
Interest Income Accruals ⁽²⁾	6.312.952	594.504	1.951	-
Toplam	301.968.075	10.590.715	317.885	-

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

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

	Standard Loans	Loans Under Close Monitoring
12-Month expected credit losses	499.182	-
Significant increase in credit risk	-	273.833

No. of extensions	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
1 or 2 Times Extended	6.599.556	2.568.140
3 - 4 or 5 Times Extended	547.368	282.118
Over 5 Times Extended	4.150	3.394

Extension Periods	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0 - 6 Months	2.739.757	1.234.751
6 - 12 Months	1.942.312	422.071
1 - 2 Years	452.734	376.929
2 - 5 Years	1.888.010	729.048
5 Years and Over	128.261	90.853
Total	7.151.074	2.853.652

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Current Period) (Continued)

7. Information Related to Loans (Continued)

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

Current Peiod 31 March 2018	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	544.236	79.868.959	80.413.195
Real Estate Loans ⁽²⁾	8.828	48.565.663	48.574.491
Vehicle Loans	2.386	227.515	229.901
Consumer Loans ⁽²⁾	533.022	31.075.781	31.608.803
Other	-	-	-
Consumer Loans- Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	553	33.813	34.366
Real Estate Loans	-	7.597	7.597
Vehicle Loans	-	-	-
Consumer Loans	553	26.216	26.769
Other	-	-	-
Individual Credit Cards-TL	3.400.149	82.021	3.482.170
With Installment	1.041.566	78.903	1.120.469
Without Installment	2.358.583	3.118	2.361.701
Individual Credit Cards-FC	466	-	466
With Installment	-	-	-
Without Installment	466	-	466
Personnel Loans-TL	11.093	254.394	265.487
Real Estate Loans	-	2.246	2.246
Vehicle Loans	-	-	-
Consumer Loans	11.093	252.148	263.241
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	97.472	1.381	98.853
With Installment	37.463	1.297	38.760
Without Installment	60.009	84	60.093
Personnel Credit Cards-FC	32	-	32
With Installment	-	-	-
Without Installment	32	-	32
Overdraft Accounts-TL (Real Person)	1.292.179	-	1.292.179
Overdraft Accounts-FC (Real Person)	-	-	-
Total ⁽¹⁾	5.346.180	80.240.568	85.586.748

⁽¹⁾ TL 531.899 of interest income accrual is not included in the table above.

⁽²⁾ Consumer loans originated from funds amounting to TL 3.789.847 of are included in the table above.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Current Period) (Continued)

7. Information Related to Loans (Continued)

7.4. Information on Commercial Installment Loans and Corporate Credit Cards

Current Period 31 March 2018	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans-TL	1.250.504	31.083.457	32.333.961
Business Loans	97	484.555	484.652
Vehicle Loans	48.056	854.868	902.924
Consumer Loans	1.202.351	29.744.034	30.946.385
Other	-	-	-
Commercial Installment Loans- Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans - FC	15.703	19.822.246	19.837.949
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	15.703	19.822.246	19.837.949
Other	-	-	-
Corporate Credit Cards-TL	685.772	13.440	699.212
With Installment	237.011	13.403	250.414
Without Installment	448.761	37	448.798
Corporate Credit Cards-FC	41	-	41
With Installment	-	-	-
Without Installment	41	-	41
Overdraft Account-TL (Legal Entity)	271.096	-	271.096
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	2.223.116	50.919.143	53.142.259

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

7.5. Breakdown of Domestic and International Loans

	Current Period 31 March 2018
Domestic Loans	299.489.967
Foreign Loans	6.477.301
Interest Income Accruals of Loans	6.909.407
Total	312.876.675

7.6. Loans Granted to Subsidiaries and Associates

	Current Period 31 March 2018
Direct loans granted to subsidiaries and associates	1.625.366
Indirect loans granted to subsidiaries and associates	-
Total	1.625.366

7.7. Specific provisions provided against loans

	Current Period 31 March 2018
Loans and other receivables with limited collectability	481.415
Loans and other receivables with doubtful collectability	273.255
Uncollectible loans and other receivables	3.435.682
Total	4.190.352

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Current Period) (Continued)

7. Information Related to Loans (Continued)

7.8. Information On Non-Performing Receivables (Net)

7.8.1. Information on Non-Performing Loans and Loans which are Restructured or Rescheduled

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period 31 March 2018	16,907	37,548	161,430
Gross amounts before the provisions	-	-	-
Rescheduled loans	16.907	37.548	161.430

7.8.2. Information on the Movement of Non-Performing Receivables

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Prior Period Ending Balance	355.665	490.272	3.928.392
Additions (+)	756.649	37.465	47.657
Transfers from Other Categories of Loans under Follow-Up (+)	-	338.100	276.693
Transfers to Other Categories of Loans under Follow-Up (-)	338.100	276.693	-
Collections (-) ⁽¹⁾	61.270	41.483	150.297
Write-offs (-)	6.472	164	2.906
Sold Portfolio	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period End Balance	706.472	547.497	4.099.539
Provision (-)	481.415	273.255	3.435.682
Net Balance on Balance Sheet	225.057	274.242	663.857

7.8.3. Information on Foreign Currency Non-Performing Loans

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period:31 March 2018			
Period Ending Balance	716	1.195	18.800
Provision (-)	241	611	17.422
Net Balance on Balance Sheet	475	584	1.378

7.8.4. Gross and Net Amounts of Non-Performing Receivables According to User Groups

	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) 31 March 2018	225.057	274.242	663.857
Loans to Real Persons and Legal Entities (Gross)	706.472	547.497	4.006.962
Specific Provisions (-)	481.415	273.255	3.343.105
Loans to Real Persons and Legal Entities (Net)	225.057	274.242	663.857
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	92.577
Specific Provisions (-)	-	-	92.577
Other Loans and Receivables (Net)	-	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Current Period) (Continued)

7. Information Related to Loans (Continued)

7.8. Information On Non-Performing Receivables (Net)

7.8.5. Information on accruals, valuation differences and related provisions calculated for non-performing loans for Banks which are providing expected credit loss according to TFRS 9

	III. Grup Loans and Other Receivables with Limited Collectibility	IV. Grup Loans and Other Receivables with Doubtful Collectibility	V. Grup Uncollectible Loans and Other Receivables
Current Period (Net) 31 March 2018	12.210	1.399	324
Interest Accruals and Valuation Differences	25.552	2.011	488
Provision (-)	13.342	612	164

(*) The amounts in the table are composed of uncollected accrual and rediscount balances before the transition to non-performing receivables.

8. Financial Assets Measured at Amortised Cost

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

	Current Period 31 March 2018	
	TL	FC
Government Bonds	158.821	2.183.514
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-
Asset Backed Securities	-	-
Other	-	-
Total	158.821	2.183.514

Financial Assets Measured at Amortised Cost given as collateral or blocked

	Current Period 31 March 2018	
	TL	FC
Bills	-	-
Bonds and Similar Investment Securities	1.449.169	2.783.788
Other	-	-
Total	1.449.169	2.783.788

8.2. Information on Government Bonds and Treasury Bills Measured at Amortised Cost

	Current Period 31 March 2018
Government Bonds	6.785.523
Treasury Bills	-
Other Public Sector Debt Securities	-
Total	6.785.523

8.3. Information on Investments Measured at Amortised Cost

	Current Period 31 March 2018
Debt securities	6.892.957
Quoted in a Stock Exchange	6.785.523
Not Quoted in a Stock Exchange	107.434
Provision for Impairment (-)	-
Total	6.892.957

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Current Period) (Continued)

8. Financial Assets Measured at Amortised Cost (Continued)

8.4 Movements of Financial Assets Measured at Amortised Cost

	Current Period 31 March 2018
Beginning Balance	7.595.887
Foreign Currency Differences on Monetary Assets	215.252
Purchases During the Year ^(*)	66.448
Disposals through Sales and Redemptions	(984.630)
Provision for Impairment (-)	-
Period End Balance	6.892.957

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

9. Information about Associates Accounts (Net)

9.1. Information about Associates

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

	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	87.721	55.170	46.024	685.572	-	6.076	3.416	-
2	260.628	172.471	150.117	798	-	12.685	14.597	-
3	5.205.793	811.984	115.584	49.994	5.694	24.432	18.839	-

⁽¹⁾ Since shares of associates are not traded in the stock market, fair values cannot be identified.

⁽²⁾ Current period information of associates has been provided from unaudited financial statements as of 31 March 2018. Prior period profit/loss information of associates has been provided from audited financial statements as of 31 March 2017.

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

9.2. Information about Associates (Net)

	Current Period 31 March 2018
Balance at the Beginning of the Period	88.846
Movement During the Period	-
Additions	-
Bonus Share Certificates	-
Shares of Current Year Profits	-
Transfer	-
Sales	-
Revaluation Increase	-
Impairment Provision	-
Balance at the End of the Period	88.846
Capital Commitments	-
Period Ending Share of Capital Participation (%)	15,43

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Current Period) (Continued)

9. Information about Associates Accounts (Net)

9.3. Sectoral Information and Related Amounts of Associates

	Current Period 31 March 2018
Banks	88.846
Insurance Companies	-
Factoring Companies	-
Leasing Companies	-
Finance Companies	-
Other Financial Associates	-

9.4. Associates Quoted to a Stock Exchange

None (31 December 2017: None).

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Current Period) (Continued)

10. Information on Subsidiaries (Net)

10.1. Information on Subsidiaries

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

	Description	Address (City/ Country)	The Bank’s Share Percentage-if different Voting Percentage (%)	The Bank’s Risk Group Share Percentage (%)
1	Ziraat Hayat ve Emeklilik A.Ş.	İstanbul / Turkey	100,00	100,00
2	Ziraat Sigorta A.Ş.	İstanbul / Turkey	100,00	100,00
3	Ziraat Finansal Kiralama A.Ş.	İstanbul / Turkey	100,00	100,00
4	Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul / Turkey	100,00	99,60
5	Ziraat Portföy Yönetimi A.Ş.	İstanbul / Turkey	100,00	99,70
6	Ziraat Katılım Bankası A.Ş.	İstanbul / Turkey	100,00	100,00
7	Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul / Turkey	100,00	100,00
8	Ziraat Teknoloji A.Ş.	İstanbul / Turkey	100,00	100,00
9	Ziraat Bank International A.G.	Frankfurt / Germany	100,00	100,00
10	Ziraat Bank BH d.d.	Sarajevo / Bosnia Herzegovina	100,00	100,00
11	Ziraat Bank (Moscow) JSC	Moscow / Russia	100,00	100,00
12	Kazakhstan Ziraat Int. Bank	Almaty / Kazakhstan	100,00	99,58
13	Ziraat Bank Azerbaycan ASC	Baku / Azerbaijan	100,00	100,00
14	Ziraat Bank Montenegro AD	Podgorica / Montenegro	100,00	100,00
15	JSC Ziraat Bank Georgia	Tbilisi / Georgia	100,00	100,00
16	Ziraat Bank Uzbekistan JSC	Tashkent / Uzbekistan	100,00	100,00

	Total Assets	Shareholders’ Equity	Total Non- Current Assets	Interest Income ⁽³⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit / Loss	Prior Period Profit /Loss	Fair Value ⁽¹⁾	Shareholders equity amount needed
1	6.307.667	783.857	2.142	64.522	-	121.891	88.608	-	-
2	1.435.258	492.328	1.245	32.821	-	57.747	36.512	-	-
3	2.781.224	337.213	1.554	830	-	2.067	13.813	-	-
4	194.340	134.116	11.669	-	243.498	17.226	10.673	-	-
5	47.787	43.911	567	1.803	7.611	4.685	3.518	-	-
6	16.122.529	1.499.028	112.666	339.282	18.648	68.742	25.120	-	-
7	1.566.304	1.565.194	1.326.408	126	-	14.411	13.031	-	-
8	57.769	18.173	5.797	312	35	5.092	3.870	-	-
9	8.118.214	1.070.690	19.422	63.158	596	19.436	14.019	971.937	-
10	2.381.978	370.923	87.141	25.044	-	7.665	4.150	337.820	-
11	399.315	176.451	12.414	10.965	64	5.334	3.750	150.954	-
12	654.058	319.206	16.244	10.767	1.040	13.118	8.986	286.462	-
13	509.669	149.970	27.728	7.377	112	3.024	2.779	162.098	-
14	252.220	31.814	3.864	2.155	69	(412)	(795)	30.508	-
15	125.774	51.174	5.978	1.107	446	875	-	53.602	-
16	274.426	108.992	1.961	4.885	-	4.324	3.628	115.629	-

⁽¹⁾ The subsidiaries other than the ones presented with fair value are not traded in stock exchange and accordingly fair values cannot be determined and they are carried at cost less impairment, if any. For the subsidiaries having fair value, fair value shows the portion belonging to Ziraat Bank.

⁽²⁾ The income from marketable securities portfolio of Ziraat Yatırım Menkul Değerler A.Ş. and Ziraat Portföy Yönetimi A.Ş. are representing the net sales.

⁽³⁾ The amount of Ziraat Katılım Bankası A.Ş. shown in interest income column includes incomes from the participation funds.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Current Period) (Continued)

10. Information on Subsidiaries (Net) (Continued)

10.1. Information on Subsidiaries (Continued)

	Current Period 31 March 2018
Balance at the Beginning of the Period	5.138.250
Movements During the Period	499.997
Additions to Scope of Consolidation	-
Purchases ^(*) ^(**)	500.000
Bonus Shares Obtained	-
Dividends from current year income	-
Sales	-
Revaluation Increase	-
Impairment Provision (-)	3
Balance at the End of the Period	5.638.247
Capital Commitments	-
Share percentage at the end of the period (%)	-

^(*) Paid Capital Increases made during the period are classified under “Purchases” account.

10.2. Sectoral Information and Related Amounts of Subsidiaries

	Current Period 31 March 2018
Banks	3.859.011
Insurance Companies	129.972
Factoring Companies	-
Leasing Companies	282.839
Financing Companies	-
Other Financial Subsidiaries	1.366.425

10.3. Subsidiaries which are Quoted on a Stock Exchange

None (31 December 2017: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Current Period) (Continued)

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

Entities under Common Control (Joint Ventures) ^(*)	Parent Bank’s Share ^(**)	Group’s Share	Current Assets	Non- Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	57.153	57.153	2.412.392	12.600	13.107	13.601	7.776
Total	57.153	57.153	2.412.392	12.600	13.107	13.601	7.776

^(*) Information on entity under joint control is provided from the unaudited financial statements as of 31 March 2018.

^(**) Represents the Bank’s share in the shareholders’ equity of this entity under common control based on the shareholding rate of the Bank.

Entities under common control domiciled and operating abroad are followed by their fair values. For these entities under common control, fair value is determined by independent valuation firm’s report and revaluation differences are accounted as the value of entities under common control and in “Marketable Securities Value Increase Fund” under shareholders’ equity.

12. Information on Finance Lease Receivables (Net)

The Bank has no finance lease receivables.

13. Information on Derivative Financial Assets for Hedging Purposes

The Bank has no derivative financial assets for hedging purposes.

14. Information on Investment Property

None.

15. Information on Deferred Tax Asset if Available

The Bank has deferred tax asset amounting to TL 302.705.

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

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

The Bank’s immovables acquired amount to TL 862.537 consisting of TL 15.963 due to consumer loans, TL 787.408 on its commercial loans and TL 59.166 on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL 1.655.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Current Period) (Continued)

17. Explanations on Property And Equipment

	Immovables	Tangibles- Financial Leasing	Vehicles	Operational Leasing Development Costs	Other Tangibles	Total
Prior Period End						
Cost	5.702.197	14.088	45.179	249.457	1.016.647	7.027.568
Accumulated Depreciation (-)	995.606	4.730	30.380	184.635	568.678	1.784.029
Impairment (-)	2.768	-	-	-	-	2.768
Net Book Value	4.703.823	9.358	14.799	64.822	447.969	5.240.771
Current Period End						
Net Book Value at the Beginning of the Period	4.703.823	9.358	14.799	64.822	447.969	5.240.771
Change During the Period (Net)	(45.266)	184	(1.478)	(4.741)	(6.760)	(58.061)
- Cost	(52.198)	545	-	2.656	22.944	(26.053)
- Depreciation – net (-)	(6.972)	361	1.478	7.397	29.704	31.968
- Impairment (-)	40	-	-	-	-	40
Net Currency Translation from Foreign Subsidiaries	-	-	-	-	-	-
Cost at Period End	5.649.999	14.633	45.179	252.113	1.039.591	7.001.515
Accumulated Depreciation at Period End (-)	988.634	5.091	31.858	192.032	598.382	1.815.997
Impairment (-)	2.808	-	-	-	-	2.808
Closing Net Book Value	4.658.557	9.542	13.321	60.081	441.209	5.182.710

18. 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.

19. 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.

20. Information on expected credit loss for financial investments

	Current Period 31 March 2018
Cash and balances at Central Bank	514
Banks and Receivables from Money Markets	2.098
Financial assets measured at amortised cost	233
Other Assets	14.646
Total	17.491

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Prior Period) (Continued)

21. Information on Cash and Balances with Central Bank of the Republic of Turkey as of 31 December 2017

Information on balances with Central Bank of the Republic of Turkey

	Prior Period 31 December 2017	
	TL	FC
Cash in TL/Foreign Currency	2.293.745	1.297.282
Central Bank of the Republic of Turkey	2.677.232	37.998.478
Other	-	1.927
Total	4.970.977	39.297.687

Information on Required Reserves

Banks that are established in Turkey or performing their operations by opening new 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 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.

As of the balance sheet date, according to CBRT’s Communiqué about Required Reserves No. 2016/4, the required reserves ratios for commercial banks operating in Turkey are as follows: for demand deposits, notice deposits and for deposits up to 1-month maturity, and for deposits up to 3-months maturity 10,5%; for deposits up to 6-months maturity 7,5%; for deposits up to 1-year maturity 5,5%; for deposits 1-year and longer maturity 4%; for TL liabilities other than deposits up to 1-year maturity 10,5%; for TL liabilities other than deposits between 1- and 3-years maturity 7%; for TL liabilities other than deposits more than 3-years maturity 4%; for FC deposit accounts, demand deposits, up to 1-month, up to 3-months, up to 6-months and up to 1-year maturities 12%; for FC deposit accounts with 1-year and longer maturity 8%, for FC liabilities other than deposits up to 1-year maturity 24%; for FC liabilities other than deposits up to 2-years maturity 19%; for FC liabilities other than deposits up to 3-years maturity 14%; for FC liabilities other than deposits up to 5-years maturity 6%; and for FC liabilities other than deposits more than 5-years maturity 4%.

According to the press release of CBRT held on 21 October 2014, interest payment for Turkish Lira reserve requirement has been commenced from the November 2014 maintenance period. In addition, according to Press Release of CBRT on Remuneration of Foreign Currency Required and Free Reserves numbered 2015/35, the implementation of remuneration for US dollars denominated required reserves, reserve options and free reserves held at CBRT has been started as of 5 May 2015.

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

	Prior Period 31 December 2017	
	TL	FC
Unrestricted Demand Deposit	2.497.091	4.497.767
Unrestricted Time Deposit	-	-
Restricted Time Deposit	-	6.316
Other ⁽¹⁾	180.141	33.494.395
Total	2.677.232	37.998.478

⁽¹⁾ Includes required reserves and CBRT Restricted Electronic Money Funds amounting to TL 8.541. Required reserve of branches abroad amounting to TL 108.320 is presented in this line. TL 18.077.886 of the current period’s FC required reserve is the part of the TL required reserves that are held in FC.

22. Information on Financial Assets at Fair Value Through Profit and Loss Given or Blocked as Collateral or Subject to Repurchase Agreements as of 31 December 2017

None.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Prior Period) (Continued)

23. Positive Differences Related to The Derivative Financial Assets Held-for-Trading as of 31 December 2017

	Prior Period 31 December 2017	
	TL	FC
Derivative financial assets held-for-trading		
Forward Transactions	75.494	33.745
Swap Transactions	803.137	472.961
Futures Transactions	-	-
Options	1.385	3.842
Other	-	-
Total	880.016	510.548

24. Information on Banks and Other Financial Institutions as of 31 December 2017

24.1. Information on Bank Balances as of 31 December 2017

	Prior Period 31 December 2017	
	TL	FC
Banks		
Domestic Banks	672.035	891.020
Foreign Banks	126.697	2.612.997
Foreign Head Office and Branches	-	-
Total	798.732	3.504.017

25. Explanation Regarding to the Comparison of Net Values of Financial Assets Available-For-Sale Given or Blocked as Collateral and Subject to Repurchase Agreements as of 31 December 2017

	Prior Period 31 December 2017
Assets Subject to Repurchase Agreements	15.365.959
Assets Blocked/Given as Collateral	45.242.823
Total	60.608.782

26. Information on Financial Assets Available For Sale

	Prior Period 31 December 2017
Debt Securities	63.768.397
Quoted in Stock Exchange	63.683.727
Not Quoted in Stock Exchange	84.670
Share Certificates	973.001
Quoted in Stock Exchange	819.540
Not Quoted in Stock Exchange	153.461
Provision for Impairment (-)	1.722.623
Total	63.018.775

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Prior Period) (Continued)

27. Information Related to Loans as of 31 December 2017

27.1 Information on All Types of Loans and Advances Given to Shareholders and Employees of The Bank as of 31 December 2017

	Prior Period 31 December 2017	
	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	-
Legal Entities	-	-
Individuals	-	-
Indirect Loans Granted to Shareholders	-	-
Loans Granted to Employees ⁽¹⁾⁽²⁾	318.346	-
Total	318.346	-

(1) Interest rediscount and interest accrual amounting TL 3.370, are not included in the table above.

(2) Since the balance of overdraft accounts related to employees amounting TL 15.310, is showed under Table 27.3. as overdraft accounts (real person), it is not included to the table above.

27.2 Information on the First and Second Group Loans and Other Receivables Including Restructured or Rescheduled Loans as of 31 December 2017

Prior Period 31 December 2017	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables	Restructured or Rescheduled		Loans and Other Receivables	Restructured or Rescheduled	
		Loans and other receivables with revised contract terms	Other		Loans and other receivables with revised contract terms ⁽¹⁾	Other
Non-Specialized Loans	232.632.027	3.623.925	-	1.665.483	2.172.812	-
Commercial Loans	139.567.086	2.291.556	-	1.023.186	1.944.948	-
Export Loans	3.949.399	-	-	24.032	-	-
Import Loans	-	-	-	-	-	-
Loans Given to Financial Sector	5.547.781	-	-	-	-	-
Consumer Loans	78.319.577	1.332.295	-	570.369	225.455	-
Credit Cards	4.104.235	74	-	43.314	2.409	-
Other	1.143.949	-	-	4.582	-	-
Specialized Lending ⁽¹⁾⁽²⁾	45.829.370	4.943.655	-	564.931	552.408	-
Other Receivables	-	-	-	-	-	-
Interest Income Accruals ⁽²⁾	5.424.714	269.474	-	113.696	240.051	-
Total	283.886.111	8.837.054	-	2.344.110	2.965.271	-

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

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

No. of extensions	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
1 or 2 Times Extended	8.283.861	2.748.557
3 - 4 or 5 Times Extended	550.318	213.720
Over 5 Times Extended	2.875	2.994

Extension Periods	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0 - 6 Months	7.554.917	1.954.951
6 - 12 Months	256.211	161.136
1 - 2 Years	264.567	348.512
2 - 5 Years	716.167	436.757
5 Years and Over	45.192	63.915
Total	8.837.054	2.965.271

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Prior Period) (Continued)

27. Information Related to Loans as of 31 December 2017 (Continued)

27.3. Information on Consumer Loans, Individual Credit Cards and Personnel Loans and Personnel Credit Cards as of 31 December 2017

Prior Period 31 December 2017	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	567.511	78.455.782	79.023.293
Real Estate Loans ⁽²⁾	10.748	47.297.773	47.308.521
Vehicle Loans	3.020	182.747	185.767
Consumer Loans ⁽²⁾	549.807	30.598.675	31.148.482
Abroad	3.936	376.587	380.523
Other	-	-	-
Consumer Loans- Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	530	30.005	30.535
Real Estate Loans	-	6.397	6.397
Vehicle Loans	-	-	-
Consumer Loans	-	3.556	3.556
Abroad	530	20.052	20.582
Other	-	-	-
Individual Credit Cards-TL	3.317.702	65.152	3.382.854
With Installment	1.134.531	62.085	1.196.616
Without Installment	2.183.171	3.067	2.186.238
Individual Credit Cards-FC	430	-	430
With Installment	-	-	-
Without Installment	430	-	430
Personnel Loans-TL	9.422	209.906	219.328
Real Estate Loans	-	114	114
Vehicle Loans	-	-	-
Consumer Loans	9.317	207.754	217.071
Abroad	105	2.038	2.143
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	97.882	1.118	99.000
With Installment	38.757	1.038	39.795
Without Installment	59.125	80	59.205
Personnel Credit Cards-FC	18	-	18
With Installment	-	-	-
Without Installment	18	-	18
Overdraft Accounts-TL (Real Person)	1.174.540	-	1.174.540
Overdraft Accounts-FC (Real Person)	-	-	-
Total ⁽¹⁾	5.168.035	78.761.963	83.929.998

⁽¹⁾ TL 520.675 of interest income accrual is not included in the table above.

⁽²⁾ Consumer loans originated from funds amounting to TL 3.730.985 of are included in the table above.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Prior Period) (Continued)

27. Information Related to Loans as of 31 December 2017 (Continued)

27.4. Information on Commercial Installment Loans and Corporate Credit Cards as of 31 December 2017

Prior Period 31 December 2017	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans-TL	1.411.109	30.023.581	31.434.690
Business Loans	434	464.390	464.824
Vehicle Loans	47.094	839.587	886.681
Consumer Loans	1.363.581	28.719.604	30.083.185
Other	-	-	-
Commercial Installment Loans- Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans - FC	7.723	18.430.487	18.438.210
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	7.723	18.430.487	18.438.210
Other	-	-	-
Corporate Credit Cards-TL	657.070	10.522	667.592
With Installment	234.228	10.474	244.702
Without Installment	422.842	48	422.890
Corporate Credit Cards-FC	138	-	138
With Installment	-	-	-
Without Installment	138	-	138
Overdraft Account-TL (Legal Entity)	182.646	-	182.646
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	2.258.686	48.464.590	50.723.276

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

27.5. Breakdown of Domestic and International Loans as of 31 December 2017

	Prior Period 31 December 2017
Domestic Loans	285.716.655
Foreign Loans	6.267.956
Interest Income Accruals of Loans	6.047.935
Total	298.032.546

27.6. Loans Granted to Subsidiaries and Associates as of 31 December 2017

	Prior Period 31 December 2017
Direct loans granted to subsidiaries and associates	1.622.698
Indirect loans granted to subsidiaries and associates	-
Total	1.622.698

27.7. Specific provisions provided against loans as of 31 December 2017

	Prior Period 31 December 2017
Loans and other receivables with limited collectability	355.335
Loans and other receivables with doubtful collectability	487.655
Uncollectible loans and other receivables	3.705.853
Total	4.548.843

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Prior Period) (Continued)

27. Information Related to Loans as of 31 December 2017 (Continued)

27.8. Information On Non-Performing Receivables (Net) as of 31 December 2017

27.8.1. Information on Loans and Other Receivables Included In Non-Performing Receivables which are Restructured or Rescheduled as of 31 December 2017

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior Period 31 December 2017	8.215	29.876	151.817
Gross amounts before the specific provisions	-	-	-
Loans which are restructured	8.215	29.876	151.817

27.8.2. Information on the Movement of Non-Performing Receivables as of 31 December 2017

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior Period 31 December 2017			
Prior Period Ending Balance	342.701	943.119	2.931.277
Additions (+)	1.654.384	158.695	253.095
Transfers from Other Categories of Loans under Follow-Up (+)	-	1.478.117	1.891.442
Transfers to Other Categories of Loans under Follow-Up (-)	1.478.117	1.891.442	-
Collections (-) ⁽¹⁾	163.303	198.217	1.147.422
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period End Balance ⁽²⁾	355.665	490.272	3.928.392
Specific Provision (-)	355.335	487.655	3.705.853
Net Balance on Balance Sheet ⁽²⁾	330	2.617	222.539

27.8.3. Information on Foreign Currency Non-Performing Loans as of 31 December 2017

	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
Prior Period 31 December 2017			
Period Ending Balance	796	732	17.575
Specific Provision (-)	796	732	17.575
Net Balance on Balance Sheet	-	-	-

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Prior Period) (Continued)

27. Information Related to Loans as of 31 December 2017 (Continued)

27.8.4. Gross and Net Amounts of Non-Performing Receivables According to User Groups as of 31 December 2017

	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
Prior Period (Net) 31 December 2017	330	2.617	222.539
Loans to Real Persons and Legal Entities (Gross)	355.665	405.447	3.928.392
Specific Provisions (-)	355.335	402.830	3.705.853
Loans to Real Persons and Legal Entities (Net)	330	2.617	222.539
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	84.825	-
Specific Provisions (-)	-	84.825	-
Other Loans and Receivables (Net)	-	-	-

28. Information on Held-To-Maturity Investments as of 31 December 2017

28.1. Information on Comparative Net Values of Held-to-Maturity Investments Subject to Repo Transactions and Given as a Collateral/Blocked as of 31 December 2017

Held-to-maturity investments subject to repo transactions

	Prior Period 31 December 2017	
	TL	FC
Government Bonds	174.799	2.103.464
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-
Asset Backed Securities	-	-
Other	-	-
Total	174.799	2.103.464

Held-to-maturity investments given as collateral or blocked

	Prior Period 31 December 2017	
	TL	FC
Bills	-	-
Bonds and Similar Investment Securities	2.369.824	2.651.289
Other	-	-
Total	2.369.824	2.651.289

28.2. Information on Held-to-Maturity Government Bonds and Treasury Bills as of 31 December 2017

	Prior Period 31 December 2017
Government Bonds	7.488.654
Treasury Bills	-
Other Public Sector Debt Securities	-
Total	7.488.654

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Prior Period) (Continued)

28. Information on Held-To-Maturity Investments as of 31 December 2017

28.3 Information on Held-to-Maturity Investments as of 31 December 2017

	Prior Period 31 December 2017
Debt securities	7.595.887
Quoted in a Stock Exchange	7.488.654
Not Quoted in a Stock Exchange	107.233
Provision for Impairment (-)	-
Total	7.595.887

28.4 Movements of Held-to-Maturity Investments

	Prior Period 31 December 2017
Beginning Balance	8.749.464
Foreign Currency Differences on Monetary Assets	323.336
Purchases During the Year ^(*)	433.646
Disposals through Sales and Redemptions	(1.910.559)
Provision for Impairment (-)	-
Period End Balance	7.595.887

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

29. Information about Associates Accounts (Net) as of 31 December 2017

29.1. Information about Associates as of 31 December 2017

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

	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	93.761	51.077	53.466	1.547	-	11.181	10.403	-
2	263.183	158.185	150.459	1.720	-	36.272	34.759	-
3	5.063.759	785.384	115.205	164.771	58.528	80.268	61.597	-

⁽¹⁾ Since shares of associates are not traded in the stock market, fair values cannot be identified.

⁽²⁾ Current period information of associates has been provided from limited reviewed financial statements as of 31 December 2017. Prior period profit/loss information of associates has been provided from audited financial statements as of 31 December 2016.

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

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Prior Period) (Continued)

29. Information about Associates Accounts (Net) as of 31 December 2017 (Continued)

29.2. Information about Associates (Net) as of 31 December 2017

	Prior Period 31 December 2017
Balance at the Beginning of the Period	88.846
Movement During the Period	
Additions	-
Bonus Share Certificates	-
Shares of Current Year Profits	-
Transfer	-
Sales	-
Revaluation Increase	-
Impairment Provision	-
Balance at the End of the Period	88.846
Capital Commitments	
Period Ending Share of Capital Participation (%)	15,43

29.3. Sectoral Information and Related Amounts of Associates as of 31 December 2017

	Prior Period 31 December 2017
Banks	88.846
Insurance Companies	-
Factoring Companies	-
Leasing Companies	-
Finance Companies	-
Other Financial Associates	-

29.4. Associates Quoted to a Stock Exchange as of 31 December 2017

None.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Prior Period) (Continued)

30. Information on Subsidiaries (Net) as of 31 December 2017

30.1. Information on Subsidiaries as of 31 December 2017

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

	Description	Address (City/ Country)	The Bank’s Share Percentage-if different Voting Percentage (%)	The Bank’s Risk Group Share Percentage (%)
1	Ziraat Hayat ve Emeklilik A.Ş.	İstanbul / Turkey	100,00	100,00
2	Ziraat Sigorta A.Ş.	İstanbul / Turkey	100,00	100,00
3	Ziraat Finansal Kiralama A.Ş.	İstanbul / Turkey	100,00	100,00
4	Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul / Turkey	100,00	99,60
5	Ziraat Portföy Yönetimi A.Ş.	İstanbul / Turkey	100,00	99,70
6	Ziraat Katılım Bankası A.Ş.	İstanbul / Turkey	100,00	100,00
7	Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul / Turkey	100,00	100,00
8	Ziraat Teknoloji A.Ş.	İstanbul / Turkey	100,00	100,00
9	Ziraat Bank International A.G.	Frankfurt / Germany	100,00	100,00
10	Ziraat Bank BH d.d.	Sarajevo / Bosnia Herzegovina	100,00	100,00
11	Ziraat Bank (Moscow) JSC	Moscow / Russia	100,00	100,00
12	Kazakhstan Ziraat Int. Bank	Almaty / Kazakhstan	100,00	99,58
13	Ziraat Bank Azerbaycan ASC	Baku / Azerbaijan	100,00	100,00
14	Ziraat Bank Montenegro AD	Podgorica / Montenegro	100,00	100,00
15	JSC Ziraat Bank Georgia ^(*)	Tbilisi / Georgia	100,00	100,00
16	Ziraat Bank Uzbekistan JSC ^(**)	Tashkent / Uzbekistan	100,00	100,00

(*) Tbilisi, Batumi and Marneuli branches of the Bank which were operating in Georgia have been gathered under the Bank’s roof as of 2 May 2017 and continues to operate as a subsidiary with JSC Ziraat Bank Georgia title and all of the capital belonging to the Bank.

(**) The share of partnership has increased to 100% and its status become subsidiary from entity under common control and continues its operations as Ziraat Bank Uzbekistan JSC.

	Total Assets ⁽³⁾	Shareholders’ Equity ⁽³⁾	Total Non- Current Assets ⁽³⁾	Interest Income ^{(3) (4)}	Income from Marketable Securities ^{(2) (3)}	Current Period Profit / Loss ⁽³⁾	Prior Period Profit /Loss ⁽³⁾	Fair Value ⁽¹⁾	Shareholders equity amount needed
1	5.785.955	663.224	2.457	200.552	-	449.105	231.541	-	-
2	1.152.752	439.579	1.450	94.377	-	226.794	128.912	-	-
3	2.637.889	331.959	1.498	1.720	-	65.203	30.003	-	-
4	185.304	127.203	494	78.960	856.821	51.053	24.935	-	-
5	44.966	39.205	618	3.800	28.198	15.820	8.582	-	-
6	12.043.556	1.352.853	74.261	625.722	32.865	98.592	12.437	-	-
7	1.551.822	1.550.783	1.253.180	168	-	236.712	13.585	-	-
8	62.950	13.444	19.131	961	150	2.823	2.467	-	-
9	7.894.189	979.381	18.750	221.983	2.440	74.888	40.843	971.937	-
10	2.409.237	371.514	81.996	89.695	253	10.973	(36.478)	337.820	-
11	412.101	164.371	11.889	35.441	252	11.162	6.596	150.954	-
12	648.822	289.377	15.193	38.218	8.078	23.486	23.030	286.462	-
13	410.543	140.611	26.999	24.712	433	8.676	11.278	162.098	-
14	238.128	32.067	4.074	7.525	258	(3.759)	(4.851)	30.508	-
15	136.031	44.890	5.477	2.466	910	1.204	-	53.605	-
16	198.326	98.046	1.544	10.981	-	53.719	11.186	115.629	-

(1) The subsidiaries other than the ones presented with fair value are not traded in stock exchange and accordingly fair values cannot be determined and they are carried at cost less impairment, if any. For the subsidiaries having fair value, fair value shows the portion belonging to Ziraat Bank.

(2) The income from marketable securities portfolio of Ziraat Yatırım Menkul Değerler A.Ş. and Ziraat Portföy Yönetimi A.Ş. are representing the net sales.

(3) Information on Ziraat Katılım Bankası A.Ş. has been provided from limited reviewed financial statements as of 30 September 2017, the prior period profit/loss balances have been provided from limited reviewed financial statements as of 30 September 2016. Information on other subsidiaries shown in the table above has been provided from limited reviewed financial statements as of 31 December 2017, the prior period profit/loss balances have been provided from audited financial statements as of 31 December 2016.

(4) The amount of Ziraat Katılım Bankası A.Ş. shown in interest income column includes incomes from the participation funds.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Prior Period) (Continued)

30. Information on Subsidiaries (Net) as of 31 December 2017 (Continued)

30.1. Information on Subsidiaries as of 31 December 2017 (Continued)

	Prior Period 31 December 2017
Balance at the Beginning of the Period	4.101.352
Movements During the Period	1.036.898
Additions to Scope of Consolidation	-
Purchases ^(*) ^(**)	668.492
Bonus Shares Obtained	3.000
Dividends from current year income	-
Transfers to available for sale assets	-
Sales	-
Revaluation Increase	376.366
Impairment Provision (-)	10.960
Balance at the End of the Period	5.138.250
Capital Commitments	-
Share percentage at the end of the period (%)	-

(*) Paid Capital Increases made during the period are classified under “Purchases” account.

(**) The share of partnership has increased to 100% and its status become subsidiary from entity under common control and continues its operations as Ziraat Bank Uzbekistan JSC.

30.2. Sectoral Information and Related Amounts of Subsidiaries as of 31 December 2017

	Prior Period 31 December 2017
Banks	3.359.014
Insurance Companies	129.972
Factoring Companies	-
Leasing Companies	282.839
Financing Companies	-
Other Financial Subsidiaries	1.366.425

30.3. Subsidiaries which are Quoted on a Stock Exchange as of 31 December 2017

None.

31. Information on Entities Under Common Control (Joint Ventures) as of 31 December 2017

Entities under Common Control (Joint Ventures)^(*)	Parent Bank's Share^(**)	Group's Share	Current Assets	Non- Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	51.730	51.730	2.303.598	12.166	12.266	46.932	31.595
Total	51.730	51.730	2.303.598	12.166	12.266	46.932	31.595

(*) Information on entity under joint control is provided from the unaudited financial statements as of 31 December 2017.

(**) Represents the Bank's share in the shareholders' equity of this entity under common control based on the shareholding rate of the Bank.

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

32. Information on Finance Lease Receivables (Net) as of 31 December 2017

The Bank has no finance lease receivables.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Prior Period) (Continued)

33. Information on Derivative Financial Assets for Hedging Purposes as of 31 December 2017

The Bank has no derivative financial assets for hedging purposes.

34. Information on Investment Property as of 31 December 2017

None.

35. Information on Deferred Tax Asset if Available

The Bank has no deferred tax asset.

36. Information on Assets Held For Sale And Tangibles Corresponding Discontinuing Operations as of 31 December 2017

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

The Bank’s immovables acquired amount to TL 668.295 consisting of TL 14.731 due to consumer loans, TL 591.901 on its commercial loans and TL 61.663 on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL 1.920.

37. Explanations on Property And Equipment

	Immovables	Tangibles- Financial Leasing	Vehicles	Operational Leasing Development Costs	Other Tangibles	Total
Prior Period End						
Cost	5.779.796	12.349	44.429	229.108	833.077	6.898.759
Accumulated Depreciation (-)	963.644	3.323	25.671	146.507	442.099	1.581.244
Impairment (-)	2.312	-	-	-	-	2.312
Net Book Value	4.813.840	9.026	18.758	82.601	390.978	5.315.203
Current Period End						
Net Book Value at the Beginning of the Period	4.813.840	9.026	18.758	82.601	390.978	5.315.203
Change During the Period (Net)	(110.017)	332	(3.959)	(17.779)	56.991	(74.432)
- Cost	(77.599)	1.739	750	20.349	183.570	128.809
- Depreciation – net (-)	31.962	1.407	4.709	38.128	126.579	202.785
- Impairment (-)	456	-	-	-	-	456
Net Currency Translation from Foreign Subsidiaries	-	-	-	-	-	-
Cost at Period End	5.702.197	14.088	45.179	249.457	1.016.647	7.027.568
Accumulated Depreciation at Period End (-)	995.606	4.730	30.380	184.635	568.678	1.784.029
Impairment (-)	2.768	-	-	-	-	2.768
Closing Net Book Value	4.703.823	9.358	14.799	64.822	447.969	5.240.771

38. 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 as of 31 December 2017

None.

39. 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 as of 31 December 2017

None.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Current Period)

1. Information on Deposits/Funds Collected

1.1. Information on Maturity Structure of Deposits Collected

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	26.754.902	-	3.115.152	67.421.996	5.279.219	1.085.669	926.962	111.135	104.695.035
Foreign Currency Deposits	22.604.177	-	7.581.687	35.777.440	6.814.008	8.406.842	19.309.398	371	100.493.923
Residents in Turkey	18.372.350	-	6.888.084	28.117.389	4.163.561	4.387.343	5.957.774	302	67.886.803
Residents Abroad	4.231.827	-	693.603	7.660.051	2.650.447	4.019.499	13.351.624	69	32.607.120
Public Sector Deposits	6.130.758	-	4.974.128	6.988.429	885.102	5.844.872	9.010	-	24.832.299
Commercial Inst. Deposits	6.291.247	-	5.641.568	6.971.923	837.087	1.182.817	8.948	-	20.933.590
Other Inst. Deposits	1.748.653	-	1.873.473	3.063.350	404.537	824.953	272.472	-	8.187.438
Precious Metals	3.759.019	-	46.604	523.102	49.903	30.874	34.677	-	4.444.179
Interbank Deposits	4.150.259	-	7.868.143	1.365.815	2.025.067	3.042.139	895.500	-	19.346.923
CBRT	811	-	-	-	-	-	-	-	811
Domestic Banks	93.030	-	7.474.151	701.421	130.675	2.065	2.063	-	8.403.405
Foreign Banks	2.398.793	-	393.992	664.394	1.894.392	3.040.074	686.420	-	9.078.065
Participation Banks	1.657.625	-	-	-	-	-	207.017	-	1.864.642
Other	-	-	-	-	-	-	-	-	-
Total	71.439.015	-	31.100.755	122.112.055	16.294.923	20.418.166	21.456.967	111.506	282.933.387

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

Current Period 31 March 2018	Under the Guarantee of Deposit Insurance	Exceeding Deposit Insurance Limit
Saving Deposits ⁽¹⁾	69.092.149	35.276.320
Foreign Currency Saving Deposits ⁽¹⁾	28.277.369	44.268.153
Other Deposits in the form of Saving Deposits	-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance ⁽²⁾	913.541	136.233
Deposits at Off-Shore Banking Regions' and under Foreign Authorities' Insurance	-	-

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

⁽²⁾ In Bulgaria and Greece, since both real person and legal entity's saving deposits are under the guarantee of insurance and since such balances included in insurance limit are calculated by the system, the legal entity saving deposits amounting to TL 137.309 and TL 17.685 respectively, cannot be decomposed by type and are therefore included in the table above.

Based on the Council of Minister's decree dated 29 December 2003 and numbered 2003/6668, TL 917 of demand deposits is not included in the above calculation, since the Bank paid the saving deposits amount attributable to T. İmar Bank T.A.Ş.

Savings Deposit Insurance Fund premiums are calculated based on deposit amount attributable to real persons in domestic branches of the banks. As total of capital amount and interest expense accruals of saving deposits up to TL 100 attributable to a real person is covered by the insurance, TL 810.477 of interest expense accrual is included in the above-mentioned figures in accordance with the Communiqué on Insurance Deposits and Participation Funds and Premiums Collected by the Savings Deposit Insurance Fund published in the Official Gazette dated 15 February 2013 and numbered 28560.

1.3. Information on saving deposits/real persons' private current and accession accounts not related to commercial transactions in a Turkish branch of the Bank whose head office is abroad, and reasons if it is covered in where the head office is located

The Bank's head office is located in Turkey.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Current Period) (Continued)

1. Information on Deposits/Funds Collected (Continued)

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

	Current Period 31 March 2018
Deposits and other Accounts in Branches Abroad	53.639
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	7.914
Deposits Obtained through Illegal Acts Defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004	-
Saving Deposits in Banks Established in Turkey Exclusively for Off-Shore Banking Activities	-

2. Negative Differences Related to the Derivative Financial Liabilities

	Current Period 31 March 2018	
	TL	FC
Forward Transactions	85.510	37.733
Swap Transactions	97.061	343.539
Futures Transactions	-	-
Options	2.432	1.497
Other	-	-
Total	185.003	382.769

3. Information on Banks and Other Financial Institutions

3.1. General Information on Banks and Other Financial Institutions

	Current Period 31 March 2018	
	TL	FC
Borrowings from CBRT	-	-
Domestic Banks and Institutions	988.920	966.770
Foreign Banks, Institutions and Funds	936.629	29.604.769
Total	1.925.549	30.571.539

3.2. Maturity Structure of Funds Borrowed

	Current Period 31 March 2018	
	TL	FC
Short-Term	987.633	8.592.763
Medium and Long-Term	937.916	21.978.776
Total	1.925.549	30.571.539

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

61,86% of the Bank’s total liabilities and equity consist of deposits. Deposits have a diversified base and have steady structures. The Bank’s liabilities are not subject to a significant concentration risk.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Current Period) (Continued)

4. Information on Funds Supplied from Repurchase Agreements

	Current Period 31 March 2018	
	TL	FC
From Domestic Transactions	160.747	-
Financial Institutions and Organizations	51.423	-
Other Institutions and Organizations	105.151	-
Real Person	4.173	-
From Overseas Operations	-	14.281.021
Financial Institutions and Organizations	-	14.281.021
Other Institutions and Organizations	-	-
Real Person	-	-
Total	160.747	14.281.021

5. Information on Securities Issued

	Current Period 31 March 2018	
	TL	FC
Bank Bonds	3.790.703	145.446
Asset-Backed Securities	-	-
Treasury Bills	-	9.423.627
Total	3.790.703	9.569.073

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

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

7. Information on Finance Lease Payables (Net)

In the finance lease agreements, lease payments are determined according to the price of leasehold, the Bank’s interest rate of commercial loan and maturity of the agreement. The amounts in the lease agreements are paid in equal installments. There are not any restrictions in these agreements that create significant obligations to the Bank.

Information on finance lease payables represented in the table below:

	Current Period 31 March 2018	
	Gross	Net
Less than 1 Year	622	613
Between 1-4 Years	-	-
More than 4 Years	-	-
Total	622	613

8. Information on Derivative Financial Liabilities for Hedging Purposes

There are no derivative financial liabilities for hedging purposes.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Current Period) (Continued)

9. Explanations on Provisions

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

Foreign exchange loss provisions on foreign currency indexed loans and finance lease receivables amount to TL 171.

9.2. Specific Provisions for Unindemnified Non-Cash Loans

Specific provisions for unindemnified non-cash loans amount to TL 205.237.

9.3. Information on Other Provisions

9.3.1. Information on Free Provisions For Possible Risks

These financial statements include a free provision which is not in accordance with BRSA Principles amounting to TL 1.475.000 provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions. Moreover, the provision of TL 25.150 and other provision of TL 217 exist for cash transfers made by Bank officials.

	Current Period 31 March 2018
Free provisions for possible risks	1.500.367

9.3.2. The Names and Amounts of Sub-Accounts of Other Provisions Exceeding 10% of the Total Provision Amount

Based on the information provided by the legal department, TL 63.600 provision has been provided in financial statements for the lawsuits against the Bank which are not finalized yet amounting to TL 95.072.

The Bank also provided provisions amounting to TL 205.237 for unindemnified non-cash loans, and TL 122.110 expected credit loss (stage 1 and 2) for non cash loans and TL 80.773 for other provisions. As a result of the provisions mentioned above, the other provision balance on the Bank’s balance sheet amounts to TL 1.972.087.

9.4. Liabilities on Reserve for Employee Termination Benefits

9.4.1. Employment Termination Benefits and Unused Vacation Rights

The Bank accounts for its vacation and retirement pay obligations in accordance with the TAS 19 “Employee Benefits”. The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 31 March 2018, unpaid vacation liability amounted to TL 199.600, and employment termination amounted to TL 834.467 are presented under the “Employee Benefits Provision” in the financial statements.

9.4.2. Additional Bonus Provision Paid to Personnel

The Bank provided provisions amounting to TL 250.000 from last year of a total amounting to TL 315.983 of additional bonus provision with the decision of General Assembly.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Current Period) (Continued)

10. Information on Tax Liability

10.1. Information on Current Tax Liability

10.1.1. Information on Tax Provisions

As of 31 March 2018, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 907.627.

10.1.2. Information on Current Taxes Payable

	Current Period 31 March 2018
Corporate Tax Payable	907.627
Taxation on Income From Securities	181.211
Property Tax	2.663
Banking Insurance Transactions Tax (BITT)	137.873
Foreign Exchange Transactions Tax	89
Value Added Tax Payable	5.950
Other	205.095
Total	1.440.508

10.1.3. Information on Premiums

	Current Period 31 March 2018
Social Security Premiums - Employee	42
Social Security Premiums - Employer	56
Bank Social Aid Pension Fund Premium - Employee	11.301
Bank Social Aid Pension Fund Premium - Employer	15.759
Pension Fund Membership Fees and Provisions - Employee	1
Pension Fund Membership Fees and Provisions - Employer	6
Unemployment Insurance - Employee	1.768
Unemployment Insurance - Employer	3.537
Other	-
Total	32.470

10.3. Information on Deferred Tax Liabilities, if any

The Bank does not have any deferred tax liabilities.

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

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

12. Explanations on Subordinated Debts

The Bank does not have any subordinated debts.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Current Period) (Continued)

13. Information on Shareholders’ Equity

13.1. Presentation on Paid-In Capital

	Current Period 31 March 2018
Common stock	5.600.000
Preferred stock	-

13.2. Paid-In Capital Amount, Explanation Whether the Registered Capital System is Applicable by The Bank, if so the Registered Capital Ceiling Amount

The Bank does not have a registered capital system.

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

There is no share capital increase in the current period

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

There is no share capital amount included in capital.

13.5. Capital Commitments in the Last Fiscal Year and Continue Until the End of the Following Interim Period, General Purpose of These Commitments and Estimated Resources Required for These Commitments

The Bank has no capital commitments.

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

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

13.7. Information on Preferred Shares Representing The Capital

The Bank has no preferred shares.

13.8. Information on Marketable Securities Value Increase Fund

	Current Period 31 March 2018	
	TL	FC
From Subsidiaries, Associates and Entities under Common Control	843.522	146.798
Revaluation Difference	(26.422)	146.798
Foreign Exchange Difference	869.944	-
From Financial Assets at Fair Value Through Other Comprehensive Income	(1.876.747)	25.700
Revaluation Difference	(2.421.752)	25.700
Deferred Tax Effect	545.005	-
Foreign Exchange Difference	-	-
Total	(1.033.225)	172.498

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Prior Period)

14. Information on Deposits/Funds Collected as of 31 December 2017

14.1. Information on Maturity Structure of Deposits Collected as of 31 December 2017

Prior Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	25.822.956	-	3.066.261	65.251.283	5.031.853	1.055.363	931.150	96.557	101.255.423
Foreign Currency Deposits	22.376.737	-	6.597.996	29.752.887	6.475.113	6.649.167	18.059.676	463	89.912.039
Residents in Turkey	18.507.224	-	5.971.727	23.341.881	3.847.168	2.992.629	5.538.804	290	60.199.723
Residents Abroad	3.869.513	-	626.269	6.411.006	2.627.945	3.656.538	12.520.872	173	29.712.316
Public Sector Deposits	6.029.578	-	7.000.618	6.846.554	795.962	5.490.372	8.744	-	26.171.828
Commercial Inst. Deposits	6.921.525	-	5.259.417	6.998.219	419.939	1.462.045	7.386	-	21.068.531
Other Inst. Deposits	1.727.694	-	2.092.789	3.384.376	377.185	614.891	323.613	-	8.520.548
Precious Metals	3.517.850	-	45.192	425.436	44.078	23.955	30.658	-	4.087.169
Interbank Deposits	2.457.290	-	6.720.510	2.148.282	1.098.715	2.299.790	644.064	-	15.368.651
CBRT	869	-	-	-	-	-	-	-	869
Domestic Banks	88.134	-	6.702.772	131.776	193.193	2.047	2.046	-	7.119.968
Foreign Banks	1.075.622	-	17.738	2.016.506	905.522	2.297.743	642.018	-	6.955.149
Participation Banks	1.292.665	-	-	-	-	-	-	-	1.292.665
Other	-	-	-	-	-	-	-	-	-
Total	68.853.630	-	30.782.783	114.807.037	14.242.845	17.595.583	20.005.291	97.020	266.384.189

14.2. Saving Deposits Under the Guarantee of Deposit Insurance and Exceeding the Deposit Insurance Limit as of 31 December 2017

Prior Period 31 December 2017	Under the Guarantee of Deposit Insurance	Exceeding Deposit Insurance Limit
Saving Deposits ⁽¹⁾	67.218.784	33.625.630
Foreign Currency Saving Deposits ⁽¹⁾	27.562.476	39.848.407
Other Deposits in the form of Saving Deposits	-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance ⁽²⁾	858.357	101.979
Deposits at Off-Shore Banking Regions' and under Foreign Authorities' Insurance	-	-

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

⁽²⁾ In Bulgaria and Greece, since both real person and legal entity's saving deposits are under the guarantee of insurance and since such balances included in insurance limit are calculated by the system, the legal entity saving deposits amounting to TL 92.323 and TL 20.507 respectively, cannot be decomposed by type and are therefore included in the table above.

Based on the Council of Minister's decree dated 29 December 2003 and numbered 2003/6668, TL 917 of demand deposits is not included in the above calculation, since the Bank paid the saving deposits amount attributable to T. İmar Bank T.A.Ş.

Savings Deposit Insurance Fund premiums are calculated based on deposit amount attributable to real persons in domestic branches of the banks. As total of capital amount and interest expense accruals of saving deposits up to TL 100 attributable to a real person is covered by the insurance, TL 718.659 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.

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

The Bank's head office is located in Turkey.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Prior Period) (Continued)

14. Information on Deposits/Funds Collected as of 31 December 2017

14.4. Saving Deposits of Real Persons Not Covered by the Deposit Insurance Fund as of 31 December 2017

	Prior Period 31 December 2017
Deposits and other Accounts in Branches Abroad	65.522
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	7.045
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	-

15. Negative Differences Related to the Derivative Financial Liabilities Held for Trading as of 31 December 2017

	Prior Period 31 December 2017	
	TL	FC
Forward Transactions	71.896	25.208
Swap Transactions	161.436	285.251
Futures Transactions	-	-
Options	2.174	1.804
Other	-	-
Total	235.506	312.263

16. Information on Banks and Other Financial Institutions as of 31 December 2017

16.1. General Information on Banks and Other Financial Institutions as of 31 December 2017

	Prior Period 31 December 2017	
	TL	FC
Borrowings from CBRT	-	-
Domestic Banks and Institutions	726.531	1.281.611
Foreign Banks, Institutions and Funds	923.881	26.132.772
Total	1.650.412	27.414.383

16.2. Maturity Structure of Funds Borrowed as of 31 December 2017

	Prior Period 31 December 2017	
	TL	FC
Short-Term	713.749	8.266.906
Medium and Long-Term	936.663	19.147.477
Total	1.650.412	27.414.383

16.3. Further Information is Disclosed for the Areas Of Liability Concentrations. Main Liability Concentration Areas are Fund Suppliers, Sector Groups or other Risk Concentration Criteria as of 31 December 2017

61,34% of the Bank’s total liabilities and equity consist of deposits. Deposits have a diversified base and have steady structures. The Bank’s liabilities are not subject to a significant concentration risk.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Prior Period) (Continued)

17. Information on Funds Supplied from Repurchase Agreements as of 31 December 2017

	Prior Period 31 December 2017	
	TL	FC
From Domestic Transactions	1.307.357	-
Financial Institutions and Organizations	1.211.018	-
Other Institutions and Organizations	90.588	-
Real Person	5.751	-
From Overseas Operations	-	13.100.369
Financial Institutions and Organizations	-	13.100.369
Other Institutions and Organizations	-	-
Real Person	-	-
Total	1.307.357	13.100.369

18. Information on Securities Issued as of 31 December 2017

	Prior Period 31 December 2017	
	TL	FC
Bank Bonds	3.590.796	-
Asset-Backed Securities	-	-
Treasury Bills	-	9.166.573
Total	3.590.796	9.166.573

19. If Other Liabilities Exceed 10% of The Balance Sheet Total, Name and Amount Of Sub-Accounts Constituting at Least 20% of These Liabilities as of 31 December 2017

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

20. Information on Finance Lease Payables (Net) as of 31 December 2017

In the finance lease agreements, lease payments are determined according to the price of leasehold, the Bank’s interest rate of commercial loan and maturity of the agreement. The amounts in the lease agreements are paid in equal installments. There are not any restrictions in these agreements that create significant obligations to the Bank.

Information on finance lease payables represented in the table below:

	Prior Period 31 December 2017	
	Gross	Net
Less than 1 Year	454	447
Between 1-4 Years	-	-
More than 4 Years	-	-
Total	454	447

21. Information on Derivative Financial Liabilities for Hedging Purposes as of 31 December 2017

There are no derivative financial liabilities for hedging purposes.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Prior Period) (Continued)

22. Explanations on Provisions as of 31 December 2017

22.1. Information on General Provisions as of 31 December 2017

	Prior Period 31 December 2017
General Provisions	5.391.870
Allocated for Group-I Loans and Receivables	4.511.156
Additional Provision for Loans and Receivables with Extended Maturities	311.325
Allocated for Group-II Loans and Receivables	198.185
Additional Provision for Loans and Receivables with Extended Maturities	79.110
Allocated for Non-cash Loans	587.718
Other	94.811

22.2. Foreign Exchange Loss Provisions on The Foreign Currency Indexed Loans and Finance Lease Receivables as of 31 December 2017

Foreign exchange loss provisions on foreign currency indexed loans and finance lease receivables amount to TL 6.944.

22.3. Specific Provisions for Unindemnified Non-Cash Loans as of 31 December 2017

Specific provisions for unindemnified non-cash loans amount to TL 138.057.

22.4. Information on Other Provisions as of 31 December 2017

22.4.1. Information on Free Provisions For Possible Risks as of 31 December 2017

These financial statements include a free reserve provision which is not in accordance with BRSA Principles amounting to TL 1.475.000 which has a part of TL 530.000 from the current period, provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions. Moreover, the provision of TL 25.150 and other provision of TL 234 exist for cash transfers made by Bank officials.

	Prior Period 31 December 2017
Free provisions for possible risks	1.500.384

22.4.2. The Names and Amounts of Sub-Accounts of Other Provisions Exceeding 10% of the Total Provision Amount as of 31 December 2017

Based on the information provided by the legal department, TL 63.600 provision has been provided in financial statements for the lawsuits against the Bank which are not finalized yet amounting to TL 94.838.

Based on the decision of the Bank management, provision amounting to TL 38.850 is provided for the consumer loans followed under standard loan portfolio that also have amounts in the non-performing loan portfolio in compliance with the Act on Preservation of Consumers numbered 4077. The provision is made in accordance with the conservatism principle without taking into consideration the guarantees of these loans.

The Bank also provided provisions amounting to TL 138.057 for unindemnified non-cash loans, and TL 70.658 for other provisions. As a result of the provisions mentioned above, the other provision balance on the Bank’s balance sheet amounts to TL 1.811.549.

22.5. Liabilities on Reserve for Employee Termination Benefits as of 31 December 2017

22.5.1. Employment Termination Benefits and Unused Vacation Rights as of 31 December 2017

The Bank accounts for its vacation and retirement pay obligations in accordance with the TAS 19 “Employee Benefits”. The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 31 December 2017, unpaid vacation liability amounted to TL 252.000, and employment termination amounted to TL 813.548 are presented under the “Employee Benefits Provision” in the financial statements.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Prior Period) (Continued)

22. Explanations on Provisions as of 31 December 2017 (Continued)

22.5.2. Additional Bonus Provision Paid to Personel as of 31 December 2017

The Bank provided provisions amounting to TL 250.000 of additional bonus provision with the decision of General Assembly.

23. Information on Tax Liability as of 31 December 2017

23.1. Information on Current Tax Liability as of 31 December 2017

23.1.1. Information on Tax Provisions as of 31 December 2017

As of 31 December 2017, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 418.724.

23.1.2. Information on Current Taxes Payable as of 31 December 2017

	Prior Period 31 December 2017
Corporate Tax Payable	418.724
Taxation on Income From Securities	186.736
Property Tax	2.402
Banking Insurance Transactions Tax (BITT)	154.213
Foreign Exchange Transactions Tax	106
Value Added Tax Payable	6.143
Other	121.948
Total	890.272

23.1.3. Information on Premiums as of 31 December 2017

	Prior Period 31 December 2017
Social Security Premiums - Employee	37
Social Security Premiums - Employer	50
Bank Social Aid Pension Fund Premium - Employee	9.779
Bank Social Aid Pension Fund Premium - Employer	13.629
Pension Fund Membership Fees and Provisions - Employee	2
Pension Fund Membership Fees and Provisions - Employer	6
Unemployment Insurance - Employee	1.507
Unemployment Insurance - Employer	3.017
Other	-
Total	28.027

23.2. Information on Deferred Tax Liabilities, if any as of 31 December 2017

The Bank's deferred tax liability amounts to TL 305.366.

24. Information on Payables for Assets Held For Sale and Discontinued Operations as of 31 December 2017

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

25. Explanations on Subordinated Debts as of 31 December 2017

The Bank does not have any subordinated debts.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Prior Period) (Continued)

26. Information on Shareholders’ Equity as of 31 December 2017

26.1. Presentation on Paid-In Capital as of 31 December 2017

	Prior Period 31 December 2017
Common stock	5.600.000
Preferred stock	-

26.2. Paid-In Capital Amount, Explanation Whether the Registered Capital System is Applicable by The Bank, if so the Registered Capital Ceiling Amount as of 31 December 2017

The Bank does not have a registered capital system.

26.3. Information on Share Capital Increases and Their Sources; Other Information on Increased Capital Shares as of 31 December 2017

The Bank has no share capital increases as of 31 December 2017.

26.4. Information on Additions from Capital Reserves to Capital as of 31 December 2017

There is no share capital amount included in capital.

26.5. Capital Commitments in the Last Fiscal Year and Continue Until the End of the Following Interim Period, General Purpose of These Commitments and Estimated Resources Required for These Commitments as of 31 December 2017

The Bank has no capital commitments.

26.6. Indicators of The Bank’s Income, Profitability And Liquidity for The Previous Periods and Possible Effects of Future Assumptions Based on The Uncertainty of These Indicators on The Bank’s Equity as of 31 December 2017

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

26.7. Information on Preferred Shares Representing The Capital as of 31 December 2017

The Bank has no preferred shares.

26.8. Information on Marketable Securities Value Increase Fund as of 31 December 2017

	Prior Period 31 December 2017	
	TL	FC
From Subsidiaries, Associates and Entities under Common Control	843.688	146.801
Revaluation Difference	(26.256)	146.801
Foreign Exchange Difference	869.944	-
From Available for Sale Marketable Securities	(1.735.787)	798.204
Revaluation Difference	(2.022.076)	798.204
Deferred Tax Effect	286.289	-
Foreign Exchange Difference	-	-
Total	(892.099)	945.005

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. EXPLANATIONS AND NOTES TO OFF-BALANCE SHEET ACCOUNTS (Current Period)

1. Information on Off-Balance Sheet Liabilities

1.1. Nature and Amount Of Irrevocable Loan Commitments

	Current Period 31 March 2018
Commitments for Credit Card Expenditure Limits	8.988.463
Other Irrevocable Commitments	11.367.598
Loan Granting Commitments	5.578.932
Payment Commitments for Cheques	4.127.811
Asset Purchase Commitments	2.972.562
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	26.931
Subsidiaries and Associates Capital Contribution Commitments	-
Total	33.062.297

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

The Bank has provided provision amounting to TL 327.347 for possible losses arising from the off-balance sheet items in the current year.

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

	Current Period 31 March 2018
Guarantee Letters	79.154.968
Letter of Credits	15.127.608
Bank Acceptances	5.745.129
Total	100.027.705

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

	Current Period 31 March 2018
Letters of Certain Guarantees	51.946.414
Letters of Advance Guarantees	19.267.085
Letters of Temporary Guarantees	3.040.371
Letters of Guarantees Given to Customs Offices	1.432.479
Other Letters of Guarantees	3.468.619
Total	79.154.968

1.3. Explanations on Non-Cash Loans

1.3.1. Total Non-Cash Loans

	Current Period 31 March 2018
Non-Cash Loans for Providing Cash Loans	821.407
With Original Maturity of One Year or Less	12.878
With Original Maturity of More than One Year	808.529
Other Non-Cash Loans	99.206.298
Total	100.027.705

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

2. Information on Off-Balance Sheet Liabilities as of 31 December 2017

2.1. Nature and Amount Of Irrevocable Loan Commitments as of 31 December 2017

	Prior Period 31 December 2017
Commitments for Credit Card Expenditure Limits	8.645.831
Other Irrevocable Commitments	10.236.522
Loan Granting Commitments	5.054.653
Payment Commitments for Cheques	3.697.066
Asset Purchase Commitments	4.767.745
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	26.137
Subsidiaries and Associates Capital Contribution Commitments	-
Total	32.427.954

2.2. Nature and Amount of Possible Losses and Commitments Arising From The Off-Balance Sheet Items Including The Below Mentioned as of 31 December 2017

As of 31 December 2017 the Bank has provided provision amounting to TL 138.057 for possible losses arising from the off-balance sheet items.

2.2.1. Non-Cash Loans Including Guarantees, Acceptances, Financial Guarantees and Other Letter Of Credits as of 31 December 2017

	Prior Period 31 December 2017
Guarantee Letters	75.693.057
Letter of Credits	14.112.101
Bank Acceptances	6.301.968
Total	96.107.126

2.2.2. Certain Guarantees, Temporary Guarantees, Surety Ships and Similar Transactions as of 31 December 2017

	Prior Period 31 December 2017
Letters of Certain Guarantees	50.005.153
Letters of Advance Guarantees	18.096.539
Letters of Temporary Guarantees	3.040.443
Letters of Guarantees Given to Customs Offices	1.281.851
Other Letters of Guarantees	3.269.071
Total	75.693.057

2.3. Explanations on Non-Cash Loans as of 31 December 2017

2.3.1. Total Non-Cash Loans as of 31 December 2017

	Prior Period 31 December 2017
Non-Cash Loans for Providing Cash Loans	811.524
With Original Maturity of One Year or Less	12.761
With Original Maturity of More than One Year	798.763
Other Non-Cash Loans	95.295.602
Total	96.107.126

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT (Current Period)

1. Interest Income

1.1. Information on Interest Income from Loans

	Current Period 31 March 2018	
	TL	FC
Interest on Loans ⁽¹⁾	7.181.302	1.094.677
Short Term Loans	1.814.158	43.311
Medium and Long Term Loans	5.334.693	1.051.363
Interest on Non-Performing Loans	32.451	3
Premiums from Resource Utilization Support Fund	-	-

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

1.2. Information on Interest Received from the Banks

	Current Period 31 March 2018	
	TL	FC
Central Bank of the Republic of Turkey	8.967	-
Domestic Banks	20.836	43
Foreign Banks	2.952	10.825
Foreign Head Office and Branches	-	-
Total	32.755	10.868

1.3. Information on Interest Income on Marketable Securities

	Current Period 31 March 2018	
	TL	FC
Financial Assets at Fair Value through Profit or Loss	205	130
Financial Assets at Fair Value Through Other Comprehensive Income	1.217.822	238.696
Financial Assets Measured at Amortised Cost	58.398	84.647
Total	1.276.425	323.473

1.4. Information on Interest Income from Subsidiaries and Associates

	Current Period 31 March 2018
Interest Income from Subsidiaries and Associates	6.810

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT (Current Period) (Continued)

2. Within the Scope of Interest Expense

2.1. Information on Interest Expense on Borrowings

	Current Period 31 March 2018	
	TL	FC
Banks ⁽¹⁾	37.486	202.913
Central Bank of the Republic of Turkey	-	-
Domestic Banks	12.923	2.893
Foreign Banks	24.563	200.020
Foreign Head Office and Branches	-	-
Other Institutions	-	-
Total	37.486	202.913

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

2.2 Information on Interest Expenses Given to Subsidiaries and Associates

	Current Period 31 March 2018
Interest Expenses Given to Subsidiaries and Associates	48.337

2.3 Information on Interest Given on Securities Issued

	Current Period 31 March 2018	
	TL	FC
Interest Given on Securities Issued	120.801	108.346

2.4 Maturity Structure of the Interest Expense on Deposits

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	-	209.975	-	-	-	-	-	209.975
Saving Deposit	16	61.882	1.720.348	125.951	23.986	21.814	975	1.954.972
Public Sector Deposit	225	128.887	165.803	22.329	164.128	240	-	481.612
Commercial Deposit	34	124.020	204.944	17.391	45.846	175	-	392.410
Other Deposit	3	39.065	75.362	8.270	22.682	7.970	-	153.352
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	278	563.829	2.166.457	173.941	256.642	30.199	975	3.192.321
FC								
Foreign Currency Deposit	151	46.330	158.960	20.989	23.955	68.947	-	319.332
Bank Deposit	1	20.921	-	121	326	-	-	21.369
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	55	846	83	59	65	-	1.108
Total	152	67.306	159.806	21.193	24.340	69.012	-	341.809
Grand Total	430	631.135	2.326.263	195.134	280.982	99.211	975	3.534.130

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT (Current Period) (Continued)

3. Information on Trading Profit/Loss (Net)

	Current Period 31 March 2018
Profit	11.397.508
Foreign Exchange Gains	10.773.161
Profit on Derivative Financial Instruments	622.437
Profit from the Capital Market Transactions	1.910
Loss (-)	11.975.016
Foreign Exchange Loss	10.902.172
Loss on Derivative Financial Instruments	1.072.469
Loss from the Capital Market Transactions	375

4. Information on Other Operating Income

4.1. Information on Factors Covering The Recent Developments which has Significant Effect on The Bank’s Income And the Extent Of Effect on Income

There are no significant matters covering the recent developments which have significant effect on the Bank’s income. Besides, of the Bank’s other operating income consists of reversals from prior period provisions amounting to TL 279.709 and income from sales of assets amounting to TL 47.944.

5. Provision Expenses for Impairment on Loans and Other Receivables

Expected Credit Loss Provision in The Scope Of IFRS9

	Current Period 31 March 2018
Expected Credit Loss Provisions	1.027.950
12 month expected credit loss (stage 1)	7.170
Significant increase in credit risk (stage 2)	148.409
Non-performing loans (stage 3)	872.371
Marketable Securities Impairment Expense	10.355
Financial Assets at Fair Value through Profit or Loss	-
Financial Assets at Fair Value Through Other Comprehensive Income	10.355
Subsidiaries, Associates and Entities under Common Control Provision Expenses for Impairment	-
Associates	-
Subsidiaries	-
Joint Ventures	-
Other	-
Total	1.038.305

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT (Current Period) (Continued)

6. Information on Other Operating Expenses

	Current Period 31 March 2018
Personnel Expenses ⁽²⁾	704.122
Reserve for Employee Termination Benefits	39.391
Bank Social Aid Provision Fund Deficit Provision	-
Tangible Fixed Assets Impairment Expense	101
Depreciation Expenses of Tangible Fixed Assets	55.308
Intangible Assets Impairment Expense	-
Goodwill Impairment Expense	-
Amortization Expenses of Intangible Assets	13.038
Impairment Expense for Equity Shares Subject to the Equity Method	-
Impairment Expense for Investment Securities that will be Disposed	-
Amortization Expenses of Investment Securities that will be Disposed	-
Impairment Expense for Property, Plant and Equipment Held for Sale and Discontinuing Operations	-
Other Operating Expenses	574.709
Operational Leasing Expenses	70.272
Maintenance Expenses	17.090
Advertisement Expenses	33.507
Other Expenses	453.840
Loss on Sales of Assets	117
Other ⁽¹⁾	432.682
Total	1.819.468

⁽¹⁾ TL 147.183 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 152.431 consists of taxes, duties and charges expense.

⁽²⁾ “Personnel Expenses” which is not included in “Other Operating Expenses” in the income statement, is included in this table.

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

The Bank does not have any discontinuing operations. The compositions of the profit/loss before tax from the continuing operations are following:

	Current Period 31 March 2018
Net Interest Income	4.635.675
Net Fees and Commissions Income	615.975
Other Operating Income	433.596
Dividend Income	2.028
Trading Income/Expense (Net)	(577.508)
Personnel Expense (-)	704.122
Expected Credit Loss (-)	1.038.305
Other Operating Expenses (-)	1.115.346
Profit / (Loss) From Continuing Operations	2.251.993

8. Information on Tax Provision for Continuing and Discontinuing Operations

As of 31 March 2018, TL 521.932 of the Bank’s total tax provision expense amounting to TL 694.169, consists of current tax expense while remaining balances amounting to TL 172.237 consists of deferred tax expense.

9. Explanation on Net Income/Loss for the Period for Continued and Discontinued Operations

The Bank’s net operating income after tax amounts to TL 1.730.061.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT (Current Period) (Continued)

10. Information on Net Profit/Loss

10.1. Nature, Amount and Frequency of Income and Expenses Arising from Ordinary Banking Activities, if Required for the Understanding the Performance of the Bank in The Current Period

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

10.2. The Effect of the Change in Accounting Estimates to the Net Profit/Loss; Including the Effects to the Future Period, if any

As of the balance sheet date, there is no change in accounting estimates that may require further explanations in the current period.

11. If Other Items in the Income Statement Exceed 10% of the Income 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 Income Statement mainly consists of commissions received from credit card and fees and commissions received from banking transactions.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT (Prior Period) (Continued)

12. Interest Income as of 31 March 2017

12.1. Information on Interest Income from Loans as of 31 March 2017

	Prior Period 31 March 2017	
	TL	FC
Interest on Loans ⁽¹⁾	5.391.930	863.035
Short Term Loans	1.425.553	35.553
Medium and Long Term Loans	3.936.958	827.472
Interest on Non-Performing Loans	29.419	10
Premiums from Resource Utilization Support Fund	-	-

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

12.2. Information on Interest Received from the Banks as of 31 March 2017

	Prior Period 31 March 2017	
	TL	FC
Central Bank of the Republic of Turkey	2.982	-
Domestic Banks	10.987	402
Foreign Banks	339	11.651
Foreign Head Office and Branches	-	-
Total	14.308	12.053

12.3. Information on Interest Income on Marketable Securities as of 31 March 2017

	Prior Period 31 March 2017	
	TL	FC
Financial Assets Held for Trading	407	487
Financial Assets at Fair Value through Profit and Loss	-	-
Financial Assets Available-for-Sale	1.292.674	206.384
Investments Held-to-Maturity	107.209	83.667
Total	1.400.290	290.538

12.4. Information on Interest Income from Subsidiaries and Associates as of 31 March 2017

	Prior Period 31 March 2017
Interest Income from Subsidiaries and Associates	7.369

13. Within the Scope of Interest Expense as of 31 March 2017

13.1. Information on Interest Expense on Borrowings as of 31 March 2017

	Prior Period 31 March 2017	
	TL	FC
Banks ⁽¹⁾	32.722	109.929
Central Bank of the Republic of Turkey	-	-
Domestic Banks	11.902	2.272
Foreign Banks	20.820	107.657
Foreign Head Office and Branches	-	-
Other Institutions	-	-
Total	32.722	109.929

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

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT (Prior Period) (Continued)

13.2 Information on Interest Expenses Given to Subsidiaries and Associates as of 31 March 2017

	Prior Period 31 March 2017
Interest Expenses Given to Subsidiaries and Associates	25.756

13.3 Information on Interest Given on Securities Issued as of 31 March 2017

	Prior Period 31 March 2017	
	TL	FC
Interest Given on Securities Issued	61.431	54.268

13.4 Maturity Structure of the Interest Expense on Deposits as of 31 March 2017

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	-	146.054	-	-	-	-	-	146.054
Saving Deposit	-	57.308	1.312.591	91.292	18.929	17.051	191	1.497.362
Public Sector Deposit	596	59.553	118.288	48.533	98.908	202	-	326.080
Commercial Deposit	78	135.992	192.390	10.234	27.594	444	-	366.732
Other Deposit	42	19.574	70.196	7.856	9.099	21.878	-	128.645
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	716	418.481	1.693.465	157.915	154.530	39.575	191	2.464.873
FC								
Foreign Currency Deposit	566	16.447	70.284	13.793	11.927	51.243	1	164.261
Bank Deposit	2	14.767	-	-	-	-	-	14.769
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Gold Vault	-	40	410	47	35	28	-	560
Total	568	31.254	70.694	13.840	11.962	51.271	1	179.590
Grand Total	1.284	449.735	1.764.159	171.755	166.492	90.846	192	2.644.463

14. Information on Trading Profit/Loss (Net) as of 31 March 2017

	Prior Period 31 March 2017
Profit	14.210.349
Foreign Exchange Gains	13.448.287
Profit on Derivative Financial Instruments	745.681
Profit from the Capital Market Transactions	16.381
Loss (-)	14.108.475
Foreign Exchange Loss	13.299.758
Loss on Derivative Financial Instruments	808.364
Loss from the Capital Market Transactions	353

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT (Prior Period) (Continued)

15. Information on Other Operating Income as of 31 March 2017

15.1. Information on Factors Covering The Recent Developments which has Significant Effect on The Bank’s Income And the Extent Of Effect on Income as of 31 March 2017

There are no significant matters covering the recent developments which have significant effect on the Bank’s income. Main component of the Bank’s other operating income consists of reversals from prior period provisions amounting to TL 226.271 and income from sales of assets amounting to TL 37.515.

	Prior Period 31 March 2017
Specific Provisions for Loans and Other Receivables ⁽¹⁾	334.745
Group III Loans and Receivables	258.137
Group IV Loans and Receivables	54.366
Group V Loans and Receivables	22.242
General Provision Expenses	304.497
Provision Expenses for the Possible Losses	265.000
Marketable Securities Impairment Expense	213
Financial Assets at Fair Value through Profit and Loss	-
Financial Assets Available for Sale	213
Impairment Losses from Associates, Subsidiaries, Joint Ventures and Marketable Securities Held to Maturity	-
Associates	-
Subsidiaries	-
Entities under Common Control (Business Partners)	-
Investment Securities Held to Maturity	-
Other	62.500
Total	966.955

⁽¹⁾ The relevant balance includes the expenses related to the current period. The provision reversals within the period amounting to TL 198.338 are presented in other operating income.

16. Information on Other Operating Expenses as of 31 March 2017

	Prior Period 31 March 2017
Personnel Expenses	627.970
Reserve for Employee Termination Benefits	30.000
Bank Social Aid Provision Fund Deficit Provision	-
Tangible Fixed Assets Impairment Expense	-
Depreciation Expenses of Tangible Fixed Assets	97.839
Intangible Assets Impairment Expense	-
Goodwill Impairment Expense	-
Amortization Expenses of Intangible Assets	11.580
Impairment Expense for Equity Shares subject to the Equity Method	-
Impairment Expense for Investment Securities that will be Disposed	-
Amortization Expenses of Investment Securities that will be Disposed	-
Impairment Expense for Property, Plant and Equipment Held for Sale and Discontinuing Operations	-
Other Operating Expenses	400.561
Operational Leasing Expenses	62.835
Maintenance Expenses	16.554
Advertisement Expenses	21.476
Other Expenses	299.696
Loss on Sales of Assets	100
Other ⁽¹⁾	347.761
Total	1.515.811

⁽¹⁾ TL 127.613 of other item consists of Saving Deposit Insurance Fund accrual expense while TL 132.433 consists of taxes, duties and charges expense.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT (Prior Period) (Continued)

17. Information on Profit/Loss Before Tax from Continuing and Discontinuing Operations as of 31 March 2017

The Bank does not have any discontinuing operations. The compositions of the profit/loss before tax from the continuing operations are following:

	Prior Period 31 March 2017
Net Interest Income	4.308.912
Net Fees and Commissions Income	499.397
Other Operating Income	416.651
Dividend Income	3.309
Trading Income/Expense (Net)	101.874
Expected Credit Loss (-)	966.955
Other Operating Expenses (-)	1.515.811
Profit / (Loss) From Continuing Operations	2.847.377

18. Information on Tax Provision for Continuing and Discontinuing Operations as of 31 March 2017

As of 31 March 2017, TL 676.992 of the Bank’s total tax provision expense amounting to TL 882.865, consists of current tax expense while remaining balances amounting to TL 205.873 consists of deferred tax income.

19. Explanation on Net Income/Loss for the Period for Continued and Discontinued Operations as of 31 March 2017

As of 31 March 2017, the Bank’s net operating income after tax amounts to TL 2.170.385.

20. Information on Net Profit/Loss as of 31 March 2017

20.1. Nature, Amount and Frequency of Income and Expenses Arising from Ordinary Banking Activities, if Required for the Understanding the Performance of the Bank in The Current Period as of 31 March 2017

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

20.2. The Effect of the Change in Accounting Estimates to the Net Profit/Loss; Including the Effects to the Future Period, if any as of 31 March 2017

As of 31 March 2017, there is no change in accounting estimates that may require further explanations in the current period.

21. If Other Items in the Income Statement Exceed 10% of the Income Statement Total, Sub-Accounts Constituting At Least 20% of These Items are Shown Below as of 31 March 2017

The “Other” statement under the “Fees and Commission Income” in the Income Statement mainly consists of commissions received from credit card and fees and commissions received from banking transactions.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. EXPLANATIONS AND NOTES TO THE RISK GROUP OF THE BANK

1. The Transaction Volume of The Risk Group Of The Bank, incompletd Credit and Deposit Transactions Of The End of The Period and Income And Expenses Related To The Period

Current Period

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Opening Balance	1.622.698	4.428.780	-	-	-	78.923
Closing Balance	1.625.366	4.857.517	-	-	-	78.514
Interest and Commissions Income	6.810	194	-	-	-	-

Prior Period

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Opening Balance	1.190.812	3.442.805	-	-	-	59.823
Closing Balance	1.622.698	4.428.780	-	-	-	78.923
Interest and Commissions Income ⁽¹⁾	7.369	37	-	-	152	-

⁽¹⁾ Represent the amount of interest and commissions income as of 31 March 2017.

2. Deposits Held By The Bank’s Risk Group

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)	Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
		Current Period		Current Period	
Deposits					
Opening Balance		1.760.542	-	-	17.708
Closing Balance		2.532.242	-	-	214.172
Interest Expense on Deposits		48.337	-	-	1.723

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)	Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
		Prior Period		Prior Period	
Deposits					
Opening Balance		1.523.670	-	-	22.247
Closing Balance		1.760.542	-	-	17.708
Interest Expense on Deposits		25.756	-	-	753

⁽¹⁾ Represent the amount of interest expense on deposits as of 31 March 2017.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2018

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. EXPLANATIONS AND NOTES TO THE RISK GROUP OF THE BANK (Continued)

3. Information on Forward Transactions, Option Agreements and Similar Transactions Between the Bank’s Risk Group

The Bank’s Risk Group	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	Direct or Indirect Shareholders of the Bank	Other Real and Legal Persons in the Risk Group
The Fair Value Differences Through Profit and Loss			
Opening Balance	555.062	-	-
Closing Balance	553.700	-	-
Total Profit/Loss	10.775	-	-
Risk Protection Oriented Processes	-	-	-
Opening Balance	-	-	-
Closing Balance	-	-	-
Total Profit/Loss	-	-	-

The Bank’s Risk Group	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)	Direct or Indirect Shareholders of the Bank	Other Real and Legal Persons in the Risk Group
The Fair Value Differences Through Profit and Loss			
Opening Balance	127.897	-	-
Closing Balance	555.062	-	-
Total Profit/Loss	(131)	-	-
Risk Protection Oriented Processes	-	-	-
Opening Balance	-	-	-
Closing Balance	-	-	-
Total Profit/Loss	-	-	-

4. Information about Fees Paid to the Bank’s Key Management

Fees paid to the Bank’s key management amount to TL 2.128 (31 March 2017: TL 1.928).

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

SECTION SIX

EXPLANATIONS ON AUDITORS’ REVIEW REPORT

I. EXPLANATIONS ON AUDITORS’ REVIEW REPORT

As of 31 March 2018, unconsolidated financial statements and explanatory notes of the Bank disclosed herein were reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and Auditors’ Review Report dated 30 April 2018 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

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

SECTION SEVEN ^(*)

EXPLANATIONS ON INTERIM ACTIVITY REPORT

I. Chairman’s Assessment

The first quarter of 2018 has been a period of increasing protectionist policies in foreign trade, robust global economic growth and the markets being directed by the forecasts on how the monetary policies of the developed countries mainly the USA.

Geopolitical risks continued to keep their place on the agenda. Momentum of interest rate hikes in the context of the FED monetary policy and the geopolitical risks will continue to be the determining factors in the markets in the coming period.

While the recovery in Europe is continuing, there is also a positive trend in the emerging economies. The increases in LIBOR and the interest on US Treasury bonds, monetary policy practices of the developed countries and the trade wars arising from protectionist approaches will be the developments that the markets will focus in the coming period.

In spite of the volatility in the markets, the Turkish economy closed 2017 with a worldwide high growth rate of 7,4%. The leading indicators show that the strong growth also continues in the first quarter of 2018.

In 2017, we witnessed that the CGF-guaranteed loans have made a significant contribution to the economic growth and that the banks have provided substantial support to the economy within this framework. In line with the high course of capacity utilization rates, the support provided to the SMEs and the project-based incentives announced by the authorities, it is estimated that the investments will continue and that the GDP growth, current account balance and unemployment rates will follow a positive course.

The banks, making up the majority of the finance sector, are directing the funds they provide domestically and from abroad, through loans to the components of the economy that are in need of financing and continue to support the economic growth accordingly.

Ziraat Bank, which is the sector's leading bank in cash and non-cash loans, continues to support all sectors, agriculture and manufacturing being the main ones.

Muharrem KARSLI

Chairman

(*) Unless otherwise stated amounts are expressed in Turkish Lira (“TL”) in section seven..

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SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

II. Assessment of General Manager

Ziraat Bank continues to grow with loans mainly extended to real sector in line with its strategy and continues to finance this growth with domestic and foreign funds and strengthen its shareholders’ equity. As of quarter end our shareholders’ equity reached TL 53.3 bn In the first quarter of 2018, total assets increased by 5% to TL 457 billion and cash loans increased by 5% to TL 313 billion. Our support to the Turkish economy through cash and non-cash loans is TL 413 billion.

We pay attention to allocate our funds as to support to maximum extent the economic activity. We supported more than 71,000 small and medium-sized businesses with CGF guaranteed loans in the amount of TL 22 billion and with favorable interest rates. We are continuing this support with the second phase of “Breathing Loan Facility” which we launched in 2018. Since the last quarter of 2016, Ziraat Bank has provided more than half of the increase in the sector’s housing loans. Our market share in housing loans is about 25%.

While developing our widespread deposit base, we also keep on providing the funds that the country needs from abroad. We received USD 400 million loan from a major bank in China and USD 1.4 billion from 44 banks in 22 countries through syndicated loan.

We are working on our transformation project to offer financial services in a more integrated structure with our domestic and foreign subsidiaries and branches.

Hüseyin AYDIN

Member of the Board of Directors and General Manager

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SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

III. Corporate Profile

Ziraat Bank uses its strong position to effect its performance with the growth potential provided by financial markets and to perform the best practices in workflows.

Ziraat Bank has made great breakthroughs in 154 years, it has created high added value for society and has reached the status of the leading bank.

Turkey's oldest and most powerful bank, Ziraat Bank began its operations in 1863. Nowadays, started from the date of its foundation, the Bank has been on the side of individuals from all levels of society, institutions and organizations from all sectors and transferred sources to them. Ever since the Bank has been the driving force of the economic development

Ziraat Bank has rich product and service diversity, long-term knowledge and experience, competent human resources and a strong financial structure.

The Bank continues to shape the Turkish banking sector with its excellent service delivery scale, growth power and growth potential.

Ziraat Bank by having Turkey's most common banking service network offers its customers from corporate, entrepreneur and retail banking continuous and superior quality services with ;

1.780 Branches

24.681 Employee

7.130 ATM

Internet Banking (Individual and Corporate Internet Branch)

Mobile Banking (Ziraat Mobile, Ziraat Tablet, Mobile Branch)

Telephone Banking

SMS Banking

Ziraat Bank also has a prestigious position in international banking. Operating in 96 locations in 18 countries around the world, the Bank has a large international network with 9 international subsidiary banks, 21 abroad branches and 1 representative office.

On the other hand under the roof Ziraat Finance Group the Bank is the owner of a large portfolio of subsidiaries in Turkey in financial leasing, personal pensions, insurance, banking, intermediation in capital markets, portfolio management, real estate investment trust and information technology fields. This strong structure is the most important factor supporting Ziraat Bank's ability to provide integrated financial services.

Ziraat Bank manages innovations and changes together in line with its goals, and operates in a stable manner both in terms of financial and operational aspects.

IV. Shareholding Structure

The paid in capital of T.C. Ziraat Bank is TL 5.600.000.000. The Bank's sole shareholder is Turkish Wealth Fund.

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

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SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

V. Main Financial Indicators

ASSETS (TL Million)	31.03.2018
Cash and Cash Equivalents	52.904
Securities Portfolio	74.447
Loans	313.267
Other Assets	16.751
Total Assets	457.369
LIABILITIES (TL Million)	31.03.2018
Deposits	282.933
Non-deposits Resources	101.852
Other Liabilities	19.273
Shareholders’ Equity	53.311
Total Liabilities	457.369
CHOSEN INCOME-EXPENSES (TL Million)	31.03.2018
Interest Income	10.069
Interest Expense	5.433
Net Interest Income	4.636
Net Fees and Commission Income	616
Other Operations Income	434
Other Operations Expense	1.115
Allowance for expected credit losses	1.038
Provision for Losses on Loans Or Other Receivables	2.252
Income Before Taxes From Continuing Operations	522
Net Profit/Losses	1.730
RATIOS (%)	31.03.2018
Capital Adequacy Ratio	15,34
Equity / Total Assets	11,7
Cash Loans / Total Assets	68,5
Loans under follow-up (Gross) / Total Loans	1,7
Saving Deposits/ Total Deposits	25,2
FC Assets / FC Liabilities	90,1
Liquid Assets / Total Assets	11,6
	31.03.2018
Return on Assets (ROA)	1,6
Return on Equity (ROE)	13,6
Interest Incomes / Interest Expenses	185,3

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SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

V. Main Financial Indicators

ASSETS (TL Million)	31.12.2017
Liquid Assets	48.571
Securities Portfolio	72.019
Loans	298.258
Other Assets	15.427
Total Assets	434.275
LIABILITIES (TL Million)	31.12.2017
Deposits	266.384
Non-deposits Resources	98.080
Other Liabilities	22.801
Shareholders’ Equity	47.010
Total Liabilities	434.275
CHOSEN INCOME-EXPENSES (TL Million)	31.03.2017
Interest Income	8.205
Interest Expense	3.896
Net Interest Income	4.309
Net Fees and Commission Income	499
Other Operations Income	417
Other Operations Expense	1.516
Provision for Losses on Loans Or Other Receivables	967
Income Before Taxes From Continuing Operations	2.847
Provision For Taxes On Income From Continuing Operations	677
Net Profit/Losses	2.170
RATIOS (%)	31.12.2017
Capital Adequacy Ratio	15,20
Equity / Total Assets	10,8
Cash Loans / Total Assets	68,7
Loans under follow-up (Gross) / Total Loans	1,6
Saving Deposits/ Total Deposits	25,8
FC Assets / FC Liabilities	92,3
Liquid Assets / Total Assets	11,2
	31.03.2017
Return on Assets (ROA)	2,4
Return on Equity (ROE)	22,1
Interest Incomes / Interest Expenses	210,6

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SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

VI. 2018 I. Interim Activities

Correspondent Banking

The establishment of a securitization program (DPR-Diversified Payment Rights) has been initiated in order to increase resource diversity in the bank and to create long-term alternative sources. With this program it is aimed to provide funds through credit supply or bond exports by showing foreign currency transfers coming to the Bank as guarantees

Foreign Issued Bonds

In line with the strategy of maintaining diversification and supply of long-term resources with appropriate cost and borrowing from international capital markets the Bank updated the GMTN (Global Medium Term Notes) program on 14 March 2018 amounting to 4 billion US Dollars

During the first quarter of 2018, the Bank continued to provide foreign resources through exports in the form of private placement within the GMTN (Global Medium Term Notes) program.

Treasury Operations

In accordance with the changing market conditions, the Bank offers services to its customers in all product ranges and actualizes financial solutions in the fastest way in order to supply customer's needs. Additionally, the Bank carried out the balance sheet management to preserve continually growing balance sheet from liquidity, interest and exchange rate risks and manage it efficiently with the aim of maximum utility in the national and international markets and continued active and passive pricing strategies within the scope of market conditions.

As in previous years, bond and bond issues have been realized in 2018 on the purpose of diversification of resources and reaching a different customer base. In 2018, the Bank received approval of export ceiling from SPK for financial bills/bonds up to TL 17,5 billion domestically and structured debt instruments. In the first quarter of this year, financing bonds were issued in the amount of TL 2.7 billion in return for the amortized in the amount of TL 2.5 billion.

In the first quarter of 2018, the transaction volume of gold deposits which are traded intensively by the customers has reached to a significant transaction volume and in the direction of the growth of gold deposits, it has been transformed into the savings product of physical gold assets of customers by 'Golden Vakti' product. At the end of the first quarter of 2018, The Bank started the second period demand collection process of the issuance of "The Gold Bonds" and "Gold-based Rent Certificate" issued for the first time in October 2017 by the T.C. Prime Ministry Undersecretariat of Treasury and Undersecretariat of Treasury Asset Leasing A.Ş. The request was collected in 324 branches, in all 81 provinces and 230 provinces, in the process of collecting requests made in 4 stages.

Credit Rating Agencies

After Moody's lowered Turkey's credit rating from Ba1 to Ba2 on 7 March 2018, it lowered Bank's credit rating from Ba1 to Ba2 and made public all rates of the Bank as stable.

Financing of Agriculture Sector

Ziraat Bank is performing projects for organizations, foundations particularly T.C. Gıda, Tarım ve Hayvancılık Bakanlığı by developing projects in order to make easier to accessibility of finance and solutions of sectoral structure; while maintaining its support to agricultural sector. In this context, agricultural sector is the most important and the leading sector of the works are aimed to finance to self-employed farmer. In this purpose, projects are develop for diversifying the credit products and producing alternative warrants from the farmer's agricultural wealth.

In the upcoming period, contracted production model, livestock investments, increasing the level of agricultural mechanization of the enterprises, investment projects that will create added value in agricultural production and meet the needs of our country and investments of licensed warehousing and cold storage facilities, as well as storage, processing, packaging of agricultural products, increasing the investments and activities will be the target production issues of the Bank.

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SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

VI. 2018 I. Interim Activities (Continued)

TL of 54,4 billion loans for financing the agricultural sector

Ziraat Bank's total funded loan and loans from its own resources for financing the agricultural sector, reached 54,4 billion TL by the end of the first quarter of 2018 and the number of customers with credit reached 722.230.

In the first three months of 2018, the Bank provided 43.042 customers amounting to TL 2.8 billion in livestock production under various headings. By the end of the first quarter of 2018, the total amount of loans granted for animal production reached 17 billion TL and the number of customers with credit reached 316.800.

In the first quarter of 2018, Ziraat Bank signed a protocol with the Producer Unions and Cooperatives, which collect and market the milk of its members, and continued to offer solutions that facilitate access to loans of the member producers of the Cooperatives.

In order to increase the level of mechanization of agricultural enterprises and efficiency and profitability in production, the Bank provides, tractor and agricultural mechanization loans. In the end of the first quarter, 248 thousand customers have tractor and mechanization loans in a total of TL 9.025 million.

Risk Management

Bank's risk management operations, within the frame of BRSA legislations and Basel regulations, are targeted for the best risk management function by applying risk culture alongside the Bank and maintaining the improvement of employee quality and information technologies.

Risk management policy is identified as loan risks, market risks, operational risks, balance sheet risks on the volume of Bank's transactions, measurement and monitoring of quality and complication, stress test, scenario analysis and reporting the outcomes from these studies. Policies and application methods of risk management are carried out in accordance with the decisions by the Board of Directors.

Within the scope of "Credit Risk Management Project with Advanced Methods", studies are being carried out to calculate credit risk with an internal rating-based approach. The work on designing the data architecture to be used for modeling the GAP analysis phase and risk parameters of the project and calculating the risk weighted asset amount has been completed and the process for preparing the data is ongoing. Within the scope of the project, it is aimed to calculate credit risk parameters in line with Basel 3 advanced methods especially for capital appreciation and credit pricing processes.

VII. Other Important Activities

In addition to its position as a development and moral bank in all areas in recent years, the Bank has completed new brand studies in order to be able to offer more to its customers about payment systems, which are rapidly developing in our country and in the world and taking an increasingly larger place in economic activity. "Bankkart COMBO" which is the most important product of the new brand of Bankkart of the Bank, has a structure that combines the credit card on the front and bank card in the backside in one plastic and has taken advantage of its privileged position in the sector with a dynamic limit activation technology that allows credit card limit activation after the card has been printed.

The Bankkart Mobile application, which includes all the privileges of the Bankkart Combo world and is a loyalty brand application that offers new card features and campaign participation, has been featured in the application markets in February.

The site which can be reached at www.bankkart.com.tr prepared within the framework of Bankkart brand platform; card features, campaigns, card applications, calculation tools and general information.

As of the first quarter of 2018, the bank has reached 4.8 million credit card titles with a market share of 7.53% and a monthly turnover of 3.81%. The bank card has continued to be the bank's sector leader with a market share of 19.87% monthly turnover, which has reached 30 million.

The "Ziraat Asistan", an automatic messaging robot that serves through the Bank Web site, has been opened for use with the new website. Ziraat Asistan, which offers the chance to correspond using natural expressions as if a real human being has been met by the customers, provides the Bank's customers institutional internet site easily accessible information without browsing the web pages menus.

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SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

VII. Other Important Activities (Continued)

The "Breathing Credits-2018" product has been applied to SMEs, which have a significant place in trade and production life, in order to provide operating capital financing for companies that do not have adequate supply, under suitable conditions. With breath Credit, in accordance with the protocols signed between Union of Chambers and Commodity Exchanges of Turkey (TOBB) and the Credit Guarantee Fund (CGF), the working capital at favorable conditions financing and surety support is to be provided by the Bank and the interest rate risk on these loans belongs to Ziraat Bank.

Since its foundation, Ziraat Bank has integrated its care of art and artists with the slogan "In Art for Art", and continues to make various activities in all branches of art. In the first quarter of 2018, 8 exhibitions opened in Ankara Kuğulu and Istanbul Tunnel Art Gallery were visited by more than 4 thousand art lovers.

The Bank is committed to meeting the demands and expectations of its customers in the best possible way and keep customer satisfaction at the highest level. The Banks has reached the position of the most effective bank in the sector on Facebook as of first quarter of 2018, reaching approximately 2.000.000 likes and with more than 324,000 followers on Twitter, 111,000 followers on Instagram and 50.000.000 views YouTube page the effectiveness of Ziraat Bank in social media is increasing day by day.

VIII. Expectations for the Period after 2018 I. Interim

First quarter of 2018 has been a period of increasing global concern due to Trump administration's policies on international trade. At the first quarter of the year, FED, with a quarter per cent increase, has lifted interest rates to 1.75%. With simultaneous expansion of investments, industrial production and trade volume, the most widespread and synchronized global growth performance of the last decade continued during the first quarter as well.

At the end of March, FED declared that it is not going to go for additional tightening in accordance with its December forecasts despite which the possibility of four additional increases in total is still on the table this year due to possible rise in inflation because of increasing commodity prices.

Euro Zone which reached the end of 2017 with the strongest growth rates in the last ten years, maintained its healthy growth trend during the first quarter of 2018. The coalition government which was formed 5 months after the German elections along with ongoing coalition negotiations in Italy has eased the political risks in the region. European Central Bank (ECB) is expected to end its quantitative easing measures taking support from the economy which has been continuously growing four years in a row. It is also observed that increasing protective inclinations and strengthening Euro are on ECB's radar.

A quarter has been left behind with increasing trade tensions between China and the USA. Chinese President's pledge to create a more open national economy has relatively eased the relationship between the two nations. But a constraint on potential economic growth can be expected if Trump administration's retaliatory approach to foreign trade creates a domino effect. Additionally, recent geopolitical developments in the Middle East create a downward pressure on global economic activities. It can also be estimated that the recent climate of peace started with the Olympic games in Korea will open up a new corridor for diplomatic negotiations.

Last year, Turkey has been one of the fastest growing economies among OECD, EU and G20 countries with a growth rate of 7.4%. It is envisaged that increasing internal demand through strong employment figures and increasing investments will support economic growth. Increasing correlation between industrial production and growth is being observed with transition to the new series. In light of these developments, industrial production levels which have risen 10.9% on average in the first two months of the year point to a possible 7% growth in the first quarter.

In the last period, despite stirring demand for imports, exports have reached all-time highs. Recovery in the tourism sector is going on in accordance with expectations. Number of foreign visitors to Turkey has increased 35% in the first two months of the year while tourism income has reached its highest levels of the last 21 months. Increasing trend of merchandise exports along with recovering tourism revenues is expected to reflect very positively on the current account balance. Positive effect of project based incentives provided within the scope of "Super Incentives" on current account balance is expected to be observed in the coming years.

First quarter of 2018 has been period of intensifying cost side pressures on inflation. Risks on food inflation are still continuing. Additionally, rising natural gas and electricity prices along with deteriorating TL created an upward risk in inflation. Despite this situation, inflation which is currently at double digits is expected to fall back to single digits at the last quarter of the year.

In 2017, 1.6 million people have been provided with employment within the scope of employment mobilization efforts. Along with strengthening economy, seasonally adjusted unemployment has fallen to its lowest levels since April 2016. This year, government officials who have called for "+2" employment aim to provide direct employment to 34 thousand and indirect employment to 135 thousand individuals. Employment figures are expected to keep getting better despite increasing workforce mobilization.