

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI
ANONİM ŞİRKETİ**

**PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
AT 31 MARCH 2020 WITH
AUDITOR'S REVIEW REPORT**

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

AUDITOR’S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

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

Introduction

We have reviewed the consolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi (“the Bank”) and its consolidated subsidiaries (collectively referred to as “the Group”) at 31 March 2020 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders’ equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Legislation which includes “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of Review

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

Basis for the Qualified Conclusion

As mentioned in Section Five Part II. 9.3 of Explanations and Notes to the Consolidated Financial Statements; the accompanying consolidated financial statements as at 31 March 2020 include a free provision amounting to TL 1.820.000 thousand which consist of TL 910.000 thousand provided in prior periods and TL 910.000 thousand recognized in the current period by the Group management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

Qualified Conclusion

Based on our review, except for the effects of the matter on the consolidated financial statements described in the basis for the qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial information do not present fairly in all material respects the consolidated financial position of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi and its consolidated subsidiaries at 31 March 2020 and the results of its consolidated operations and its consolidated cash flows for the three-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Other matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2019 and as at and for the three months period ended 31 March 2019 were audited and reviewed by another auditor who expressed an qualified opinion and qualified conclusion based on the reason represented in the section “Basis for the Qualified Conclusion” above thereon on 25 February 2020 and 24 May 2019, respectively

Report on other regulatory requirements arising from legislation

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

Additional Paragraph for Convenience Translation:

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

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

Didem Demer Kaya, SMMM
Partner

Istanbul, 15 May 2020



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

THE CONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 31 MARCH 2020

The Bank's Headquarter Address: Hacıbayram Mahallesi Atatürk Bulvarı
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Facsimile: (312) 584 49 63
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The consolidated financial report for the three month period ended prepared in accordance with the "Communiqué on the Financial Statements and Related Policies and Disclosures to be Publicly Announced" as regulated by the Banking Regulation and Supervision Agency, is consist of the section listed below.

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

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

DOMESTIC SUBSIDIARIES

Ziraat Hayat ve Emeklilik A.Ş.
Ziraat Sigorta A.Ş.
Ziraat Yatırım Menkul Değerler A.Ş.
Ziraat Portföy Yönetimi A.Ş.
Ziraat Katılım Bankası A.Ş.
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.
Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.

ASSOCIATES

Arap Türk Bankası A.Ş.

FOREIGN SUBSIDIARIES

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

JOINTLY CONTROLLED ENTITIES

Turkmen Turkish Joint Stock Commercial Bank

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

Dr. Ahmet GENÇ
Chairman of the Board

Hüseyin AYDIN
Member of the Board,
CEO

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

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

Bilgehan KURU
Executive Vice President of
Financial Management

Neslihan ARAS
Senior Vice President of Financial
Coordination

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020

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

SECTION ONE

GENERAL INFORMATION ABOUT THE PARENT BANK

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

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

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

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

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020

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

GENERAL INFORMATION ABOUT THE PARENT BANK (Continued)

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

Name/Trade Name	Amount of Share	Percentage of Share (%)	Paid-in Shares	Unpaid Shares
Turkish Wealth Fund	6.100.000	100	6.100.000	-

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

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

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

As of 31 March 2020, the Parent Bank carries its activities with a grand total of 1.757 branches; 1.733 domestic branches including 19 corporate branches, 67 entrepreneurial branches, 1.642 branches and 5 mobile branches (31 December 2019: 1.734 domestic branches including 1.643 branches, 19 corporate branches, 67 entrepreneurial branches, 5 mobile branches) and 24 branches abroad which are London branch in England, Baghdad and Arbil branches in Iraq, Athens, Komotini, and Xanthi branches in Greece, Sofia, Plovdiv, Kardzhali and Varna branches in Bulgaria, Jeddah branch in Saudi Arabia, Prishtina, Prizren, Peja and Ferizaj branches in Kosovo, Bahrain branch in Bahrain, Lefkoşa, Girne, Güzelyurt, Gazimağusa, Gönyeli, Taşkınköy, Karaoğlanoğlu and İskele branches in Turkish Republic of Northern Cyprus. The Bank also has 1 representative office in Tehran, Iran.

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

As of 31 March 2020, the Group has 27.184 employees (31 December 2019: 27.168).

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., the associate of the Parent Bank, and Turkmen Turkish Joint Stock Commercial Bank, jointly controlled entity of the Parent Bank, are accounted by using equity method in the consolidated financial statements.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2020**

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

GENERAL INFORMATION ABOUT THE PARENT BANK (Continued)

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

As Ziraat Teknoloji A.Ş. and Onko İlaç Sanayi ve Ticaret A.Ş, joint controlled entities, are not consolidated in the consolidated financial statements in accordance with “Communiqué of the Preparation Consolidated Financial Statements” since they are not financial institutions. Moreover, Kredi Kayıt Bürosu, Bankalararası Kart Merkezi, Platform Ortak Kartlı Sistemler A.Ş. and Bileşim Alternatif Dağıtım Kanalları A.Ş are associates which are carried at cost are not consolidated in the consolidated financial statements since they are not financial associates. All other associates and subsidiaries are fully consolidated.

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

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheet- Assets
- II. Balance Sheet- Liability
- 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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 MARCH 2020**

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

I- CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) ASSETS	Note (Section Five I)	Current Period 31 March 2020			Prior Period 31 December 2019		
		TL	FC	Total	TL	FC	Total
I- FINANCIAL ASSETS (NET)		95.893.726	89.296.821	185.190.547	83.583.457	98.441.926	182.025.383
1.1 Cash and Cash Equivalents		2.796.773	45.019.123	47.815.896	3.565.469	60.244.783	63.810.252
1.1.1. Cash and Balances with Central Bank	(1)	2.255.209	36.709.201	38.964.410	2.947.625	52.864.641	55.812.266
1.1.2 Banks	(4)	37.354	8.207.210	8.244.564	131.072	7.251.813	7.382.885
1.1.3 Money Markets		505.413	109.087	614.500	487.812	133.957	621.769
1.1.4 Expected Loss Provision (-)		1.203	6.375	7.578	1.040	5.628	6.668
1.2 Financial Assets at Fair Value Through Profit or Loss	(2)	7.431.330	181.901	7.613.231	1.932.117	145.007	2.077.124
1.2.1 Government Debt Securities		7.054.263	31.570	7.085.833	1.898.894	7.310	1.906.204
1.2.2 Equity Instruments		2.095	-	2.095	23	-	23
1.2.3 Other Financial Assets		374.972	150.331	525.303	33.200	137.697	170.897
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(5),(6)	83.496.389	41.710.887	125.207.276	76.790.107	36.553.163	113.343.270
1.3.1 Government Debt Securities		80.766.654	40.137.120	120.903.774	74.042.653	35.560.304	109.602.957
1.3.2 Equity Instruments		146.567	384.855	531.422	140.393	399.984	540.377
1.3.3 Other Financial Assets		2.583.168	1.188.912	3.772.080	2.607.061	592.875	3.199.936
1.4 Derivative Financial Assets	(3)	2.169.234	2.384.910	4.554.144	1.295.764	1.498.973	2.794.737
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		2.169.234	2.384.910	4.554.144	1.295.764	1.498.973	2.794.737
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		365.249.091	162.225.164	527.474.255	334.985.276	153.648.840	488.634.116
2.1 Loans	(7)	373.620.919	146.268.364	519.889.283	342.521.224	138.437.666	480.958.890
2.2 Lease Receivables	(12)	1.828.033	2.052.145	3.880.178	1.531.983	2.136.768	3.668.751
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortized Cost	(8)	4.521.866	14.970.027	19.491.893	4.480.563	13.691.052	18.171.615
2.4.1 Government Debt Securities		4.435.240	14.968.488	19.403.728	4.395.402	13.664.560	18.059.962
2.4.2 Other Financial Assets		86.626	1.539	88.165	85.161	26.492	111.653
2.5 Expected Credit Loss (-)		14.721.727	1.065.372	15.787.099	13.548.494	616.646	14.165.140
III. NON-CURRENT ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "HELD FROM DISCONTINUED OPERATIONS" (Net)	(15)	8.628.666	50.903	8.679.569	6.965.298	165	6.965.463
3.1 Held for Sale Purpose		8.628.666	50.903	8.679.569	6.965.298	165	6.965.463
3.2. Held from Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		1.023.099	145.816	1.168.915	589.172	137.914	727.086
4.1 Investments in Associates (Net)	(9)	496.745	5.817	502.562	282.244	2.584	284.828
4.1.1. Associates Valued Based on Equity Method		278.446	-	278.446	271.526	-	271.526
4.1.2 Unconsolidated Associates		218.299	5.817	224.116	10.718	2.584	13.302
4.2 Subsidiaries (Net)	(10)	526.354	-	526.354	306.928	-	306.928
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		526.354	-	526.354	306.928	-	306.928
4.3 Joint Ventures (Net)	(11)	-	139.999	139.999	-	135.330	135.330
4.3.1. Joint Ventures Valued Based on Equity Method		-	139.999	139.999	-	135.330	135.330
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)	(16)	7.616.230	302.969	7.919.199	7.516.783	271.515	7.788.298
VI. INTANGIBLE ASSETS (Net)		905.300	51.533	956.833	884.317	50.831	935.148
6.1 Goodwill		-	-	-	30.723	-	30.723
6.2 Other		905.300	51.533	956.833	853.594	50.831	904.425
VII. INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		20.248	6.603	26.851	20.386	5.083	25.469
IX. DEFERRED TAX ASSET		2.144.182	168	2.144.350	1.191.444	123	1.191.567
X. OTHER ASSETS (Net)	(20)	7.628.401	4.374.684	12.003.085	3.856.278	1.572.417	5.428.695
TOTAL ASSETS		489.108.943	256.454.661	745.563.604	439.592.411	254.128.814	693.721.225

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 MARCH 2020**

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

II- CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five II)	Current Period 31 March 2020			Prior Period 31 December 2019		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	(1)	275.145.592	250.426.117	525.571.709	250.892.192	229.036.334	479.928.526
II. FUNDS BORROWED	(3)	1.757.522	34.088.831	35.846.353	1.667.904	32.590.533	34.258.437
III. MONEY MARKETS	(4)	28.245.953	21.461.425	49.707.378	28.821.018	20.473.527	49.294.545
IV. SECURITIES ISSUED (Net)	(5)	6.322.788	10.861.027	17.183.815	5.761.229	9.831.892	15.593.121
4.1 Bills		2.570.553	291.352	2.861.905	2.267.540	279.678	2.547.218
4.2 Asset Backed Securities		2.741.545	-	2.741.545	2.482.999	-	2.482.999
4.3 Bonds		1.010.690	10.569.675	11.580.365	1.010.690	9.552.214	10.562.904
V. FUNDS		6.105.783	-	6.105.783	6.066.464	-	6.066.464
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		6.105.783	-	6.105.783	6.066.464	-	6.066.464
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)	423.830	3.240.819	3.664.649	536.555	1.115.646	1.652.201
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		423.830	3.240.819	3.664.649	536.555	1.115.646	1.652.201
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	(7)	775.065	116.338	891.403	668.204	104.471	772.675
X. PROVISIONS	(9)	5.239.452	120.834	5.360.286	3.571.025	539.769	4.110.794
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		1.923.951	5.618	1.929.569	1.704.127	4.823	1.708.950
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		3.315.501	115.216	3.430.717	1.866.898	534.946	2.401.844
XI. CURRENT TAX LIABILITY	(10)	1.280.384	5.677	1.286.061	1.857.191	8.489	1.865.680
XII. DEFERRED TAX LIABILITY	(10)	29.950	4.902	34.852	34.153	5.019	39.172
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS “HELD FOR SALE” AND “HELD FROM DISCONTINUED OPERATIONS” (Net)	(11)	3.160.475	15.994	3.176.469	3.061.224	-	3.061.224
13.1 Held for Sale Purpose		3.160.475	15.994	3.176.469	3.061.224	-	3.061.224
13.2 Held from Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(12)	-	11.091.006	11.091.006	-	10.103.295	10.103.295
14. Loans		-	589.730	589.730	-	537.338	537.338
14.2 Other Debt Instruments		-	10.501.276	10.501.276	-	9.565.957	9.565.957
XV. OTHER LIABILITIES	(6)	10.660.712	2.929.465	13.590.177	9.438.934	3.308.655	12.747.589
XVI. SHAREHOLDERS' EQUITY	(13)	77.190.247	(5.136.584)	72.053.663	74.397.428	(169.926)	74.227.502
16.1 Paid-in capital		6.100.000	-	6.100.000	6.100.000	-	6.100.000
16.2 Capital Reserves		(640)	-	(640)	(571)	-	(571)
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		(640)	-	(640)	(571)	-	(571)
16.3. Accumulated Other Comprehensive Profit or Loss Not Reclassified Through Profit or Loss		4.089.233	280.359	4.369.592	3.885.618	303.466	4.189.084
16.4. Accumulated Other Comprehensive Profit or Loss Reclassified Through Profit or Loss		4.326.237	(6.168.545)	(1.842.308)	3.613.096	(1.160.736)	2.452.360
16.5 Profit Reserves		51.710.905	751.602	52.462.507	51.637.732	687.344	52.325.076
16.5.1 Legal Reserves		5.049.462	41.160	5.090.622	5.049.462	40.119	5.089.581
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		46.559.776	38.698	46.598.474	46.497.385	34.521	46.531.906
16.5.4 Other Profit Reserves		101.667	671.744	773.411	90.885	612.704	703.589
16.6 Profit or (Loss)		10.961.336	-	10.961.336	9.158.560	-	9.158.560
16.6.1 Prior Periods' Profit or (Loss)		8.505.121	-	8.505.121	1.801.735	-	1.801.735
16.6.2 Current Period Profit or (Loss)		2.456.215	-	2.456.215	7.356.825	-	7.356.825
16.7 Minority Interest		3.176	-	3.176	2.993	-	2.993
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		416.337.753	329.225.851	745.563.604	386.773.521	306.947.704	693.721.225

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS
AS OF 31 MARCH 2020**

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

III. CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period 31 March 2020			Prior Period 31 December 2019		
		TL	FC	Total	TL	FC	Total
		A. OFF-BALANCE SHEET COMMITMENTS (I-II+III)		172.582.749	361.747.525	534.330.274	144.394.170
I. GUARANTEES AND WARRANTIES	(1)	44.092.989	98.004.237	142.097.226	44.163.692	87.532.468	131.696.160
1.1 Letters of Guarantee		43.972.582	64.663.756	108.636.338	43.893.079	57.274.344	101.167.423
1.1.1 Guarantees Subject to State Tender Law		1.125.841	15.049.475	16.175.316	1.164.794	13.635.508	14.800.302
1.1.2 Guarantees Given for Foreign Trade Operations		38.472.598	45.421.360	83.893.958	37.831.479	39.002.599	76.834.078
1.1.3 Other Letters of Guarantee		4.374.143	4.192.921	8.567.064	4.896.806	4.636.237	9.533.033
1.2 Bank Acceptances		7.570	8.576.546	8.584.116	9.724	8.211.786	8.221.510
1.2.1 Import Letter of Acceptance		5.886	8.564.685	8.570.571	6.517	8.206.747	8.213.264
1.2.2 Other Bank Acceptances		1.684	11.861	13.545	3.207	5.039	8.246
1.3 Letters of Credit		103.774	22.095.854	22.199.628	255.679	20.137.357	20.393.036
1.3.1 Documentary Letters of Credit		103.774	22.038.492	22.142.266	255.679	20.071.463	20.327.142
1.3.2 Other Letters of Credit		-	57.362	57.362	-	65.894	65.894
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	1.228.387	1.228.387	-	969.507	969.507
1.5.1 Endorsements to the Central Bank of Turkey		-	1.228.387	1.228.387	-	969.507	969.507
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		-	1.439.694	1.439.694	-	939.474	939.474
1.9 Other Collaterals		9.063	-	9.063	5.210	-	5.210
II. COMMITMENTS	(1)	61.925.015	22.042.708	83.967.723	53.014.691	19.903.469	72.918.160
2.1 Irrevocable Commitments		61.925.015	16.105.090	78.030.105	53.014.691	14.823.869	67.838.560
2.1.1 Asset Purchase Commitments		7.342.376	12.298.623	19.640.999	2.134.231	11.571.249	13.705.480
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		6.450	-	6.450	7.500	-	7.500
2.1.4 Loan Granting Commitments		12.996.842	43.704	13.040.546	11.842.898	32.819	11.875.717
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques Payments		4.327.717	18	4.327.735	3.852.919	24	3.852.943
2.1.8 Tax and Fund Liabilities from Export Commitments		12.485	-	12.485	11.509	-	11.509
2.1.9 Commitments for Credit Card Limits		25.306.362	28.907	25.335.269	24.220.013	25.292	24.245.305
2.1.10 Commitments for Credit Cards and Banking Services Promotions		41.441	-	41.441	36.161	-	36.161
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		11.891.342	3.733.838	15.625.180	10.909.460	3.194.485	14.103.945
2.2 Revocable Commitments		-	5.937.618	5.937.618	-	5.079.600	5.079.600
2.2.1 Revocable Loan Granting Commitments		-	245.136	245.136	-	216.573	216.573
2.2.2 Other Revocable Commitments		-	5.692.482	5.692.482	-	4.863.027	4.863.027
III. DERIVATIVE FINANCIAL INSTRUMENTS		66.564.745	241.700.580	308.265.325	47.215.787	205.567.883	252.783.670
3.1 Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1 Fair Value Hedges		-	-	-	-	-	-
3.1.2 Cash Flow Hedges		-	-	-	-	-	-
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Trading Derivative Financial Instruments		66.564.745	241.700.580	308.265.325	47.215.787	205.567.883	252.783.670
3.2.1 Forward Foreign Currency Buy/Sell Transactions		4.724.265	5.892.161	10.616.426	3.859.858	4.325.518	8.185.376
3.2.1.1 Forward Foreign Currency Transactions-Buy		1.627.382	3.720.816	5.348.198	1.631.241	2.449.973	4.081.214
3.2.1.2 Forward Foreign Currency Transactions-Sell		3.096.883	2.171.345	5.268.228	2.228.617	1.875.545	4.104.162
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		61.840.480	235.808.419	297.648.899	43.353.905	201.213.855	244.567.760
3.2.2.1 Foreign Currency Swap-Buy		2.677.771	121.177.200	123.854.971	1.417.227	99.048.727	100.465.954
3.2.2.2 Foreign Currency Swap-Sell		57.772.709	65.946.985	123.719.694	41.796.678	57.948.484	99.745.162
3.2.2.3 Interest Rate Swap-Buy		695.000	24.342.117	25.037.117	70.000	22.108.322	22.178.322
3.2.2.4 Interest Rate Swap-Sell		695.000	24.342.117	25.037.117	70.000	22.108.322	22.178.322
3.2.3 Foreign Currency, Interest rate and Securities Options		-	-	-	2.024	28.510	30.534
3.2.3.1 Foreign Currency Options-Buy		-	-	-	1.012	14.255	15.267
3.2.3.2 Foreign Currency Options-Sell		-	-	-	1.012	14.255	15.267
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)		1.969.002.560	276.533.547	2.245.536.107	1.937.445.479	248.393.650	2.185.839.129
IV. ITEMS HELD IN CUSTODY		774.740.798	54.531.293	829.272.091	806.756.931	45.380.242	852.137.173
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		19.372.020	25.519.368	44.891.388	20.517.299	21.575.724	42.093.023
4.3 Checks Received for Collection		11.987.579	1.859.769	13.847.348	10.908.997	1.492.464	12.401.461
4.4 Commercial Notes Received for Collection		12.567.846	1.144.598	13.712.444	11.345.458	946.062	12.291.520
4.5 Other Assets Received for Collection		8.816	-	8.816	8.816	-	8.816
4.6 Assets Received for Public Offering		704.507.573	-	704.507.573	738.596.223	-	738.596.223
4.7 Other Items Under Custody		26.295.315	24.642.988	50.938.303	25.378.489	20.506.340	45.884.829
4.8 Custodians		1.649	1.364.570	1.366.219	1.649	859.652	861.301
V. PLEDGES RECEIVED		1.192.924.896	218.252.271	1.411.177.167	1.129.440.550	199.704.058	1.329.144.608
5.1 Marketable Securities		3.320.932	1.402.290	4.723.222	3.353.935	1.296.711	4.650.646
5.2 Guarantee Notes		18.054.115	6.068.732	24.122.847	16.780.956	5.436.821	22.217.777
5.3 Commodity		2.702.777	775.503	3.478.280	2.428.499	639.362	3.067.861
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		949.002.076	136.053.451	1.085.055.527	895.452.305	125.862.426	1.021.314.731
5.6 Other Pledged Items		219.839.787	73.928.437	293.768.224	211.419.646	66.447.078	277.866.724
5.7 Pledged Items-Depository		5.209	23.858	29.067	5.209	21.660	26.869
VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES		1.336.866	3.749.983	5.086.849	1.247.998	3.309.350	4.557.348
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		2.141.585.309	638.281.072	2.779.866.381	2.081.839.649	561.397.470	2.643.237.119

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF 31 MARCH 2020**

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

IV. CONSOLIDATED STATEMENT OF PROFIT OR LOSS		Note (Section Five IV)	Current Period 1 January-31 March 2020	Prior Period 1 January-31 March 2019
INCOME AND EXPENSE ITEMS				
I.	INTEREST INCOME	(1)	17.098.484	16.645.046
1.1	Interest on Loans		13.372.646	12.974.494
1.2	Interest on Reserve Requirements		37.351	157.814
1.3	Interest on Banks		30.431	210.300
1.4	Interest on Money Market Transactions		2.311	573
1.5	Interest on Marketable Securities Portfolio		3.443.097	3.142.029
1.5.1	Fair Value Through Profit or Loss		28.533	3.181
1.5.2	Fair Value through Other Comprehensive Income		3.075.749	2.804.013
1.5.3	Measured at Amortized Cost		338.815	334.835
1.6	Financial Lease Interest Income		94.256	87.190
1.7	Other Interest Income		118.392	72.646
II.	INTEREST EXPENSE (-)	(2)	7.527.155	11.085.258
2.1	Interest on Deposits		5.265.250	7.478.200
2.2	Interest on Funds Borrowed		378.958	496.471
2.3	Interest Expense on Money Market Transactions		851.844	2.705.954
2.4	Interest on Securities Issued		437.013	287.092
2.5	Interest on Leases		32.770	24.738
2.6	Other Interest Expenses		561.320	92.803
III.	NET INTEREST INCOME (I - II)		9.571.329	5.559.788
IV.	NET FEES AND COMMISSIONS INCOME		753.070	821.681
4.1	Fees and Commissions Received		1.198.135	1.398.295
4.1.1	Non-cash Loans		255.043	242.860
4.1.2	Other		943.092	1.155.435
4.2	Fees and Commissions Paid (-)		445.065	576.614
4.2.1	Non-cash Loans		293	384
4.2.2	Other		444.772	576.230
V.	DIVIDEND INCOME		1.071	10.072
VI.	TRADING PROFIT/(LOSS) (Net)	(3)	(2.128.050)	(1.410.069)
6.1	Trading Gains / (Losses) on Securities		942.767	1.675
6.2	Profit / (Losses) on Derivative Financial Transactions		(1.504.385)	(1.659.434)
6.3	Foreign Exchange Profit/(Losses)		(1.566.432)	247.690
VII.	OTHER OPERATING INCOME	(4)	853.177	1.260.658
VIII.	GROSS OPERATING PROFIT (III+IV+V+VI+VII)		9.050.597	6.242.130
IX.	EXPECTED CREDIT LOSS (-)	(5)	2.085.617	1.220.725
X.	OTHER PROVISION EXPENSES (-)	(5)	943.412	206.710
XI.	PERSONNEL EXPENSE (-)		1.074.705	933.667
XII.	OTHER OPERATING EXPENSES (-)	(6)	2.161.030	1.816.899
XIII.	NET OPERATING PROFIT/(LOSS) (VIII-IX-X-XI-XII)		2.785.833	2.064.129
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER PROFIT/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		10.417	13.180
XV.	PROFIT/(LOSS) ON NET MONETARY POSITION		-	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)	(7)	2.796.250	2.077.309
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(8)	(830.417)	(451.116)
18.1	Current Tax Provision		(552.699)	(622.041)
18.2	Deferred Tax Expense Effect (+)		(1.002.056)	(1.304.830)
18.3	Deferred Tax Income Effect (-)		724.338	1.475.755
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)	(9)	1.965.833	1.626.193
XX.	INCOME FROM DISCONTINUED OPERATIONS		1.107.539	-
20.1	Income from Non-Current Assets Held for Sale		1.107.539	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Income from Other Discontinued Operations		-	-
XXI.	EXPENSES FOR DISCONTINUED OPERATIONS (-)		535.466	-
21.1	Expenses on Non-Current Assets Held for Sale		535.466	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Expenses for Other Discontinued Operations		-	-
XXII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)		572.073	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(8)	(81.405)	-
23.1	Current Tax Provision		(78.057)	-
23.2	Deferred Tax Expense Effect (+)		(3.766)	-
23.3	Deferred Tax Income Effect (-)		418	-
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	(9)	490.668	-
XXV.	NET PROFIT/(LOSS) (XVIII+XXIV)	(10)	2.456.501	1.626.193
25.1	Profit /(Loss) from the Group		2.456.215	1.626.061
25.2	Profit /(Loss) from Minority Interest		286	132
	Earnings/(Loss) per share (in TL full)		0,403	0,267

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020**

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Current Period	Prior Period
		1 January-31 March 2020	1 January-31 March 2019
I.	CURRENT PERIOD PROFIT/LOSS	2.456.501	1.626.193
II.	OTHER COMPREHENSIVE INCOME	(4.397.484)	(2.670.715)
2.1	Not Reclassified Through Profit or Loss	(102.713)	48.590
2.1.1	Property and Equipment Revaluation Increase/Decrease	(43.704)	(16.983)
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Plan Remeasurement Gain/Loss	-	-
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(79.224)	78.115
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	20.215	(12.542)
2.2	Reclassified Through Profit or Loss	(4.294.771)	(2.719.305)
2.2.1	Foreign Currency Translation Differences	61.480	251.978
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(5.585.091)	(3.625.332)
2.2.3	Cash Flow Hedge Profit/Loss	-	-
2.2.4	Foreign Net Investment Hedge Profit/Loss	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	1.228.840	654.049
III.	TOTAL COMPREHENSIVE INCOME (I+II)	(1.940.983)	(1.044.522)

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE MONTH PERIOD ENDED
31 MARCH 2020**

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

	Paid-in Capital	Share Premiums	Share Cancellation Profit	Other Capital reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period net Profit/(Loss)	Current Period Net Profit/(loss)	Shareholders' Equity Before Minority Interest	Minority Interest	Total Equity
					1	2	3	4	5	6						
I. Current Period 31 March 2020																
Prior Period End Balance	6.100.000	-	-	(571)	3.830.302	(60.427)	419.209	2.748.990	(296.630)	-	52.325.076	9.158.560	-	74.224.509	2.993	74.227.502
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted Beginning Balance (I+II)	6.100.000	-	-	(571)	3.830.302	(60.427)	419.209	2.748.990	(296.630)	-	52.325.076	9.158.560	-	74.224.509	2.993	74.227.502
IV. Total comprehensive income	-	-	-	-	(39.334)	-	(63.379)	61.480	(4.356.148)	-	-	2.456.215	(1.941.166)	183	(1.940.983)	
V. Capital increase by cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI. Capital increase by internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Convertible bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Subordinated debt Instruments Increase (decrease) by other changes	-	-	-	(69)	283.058	-	163	-	-	-	137.431	(653.439)	-	(232.856)	-	(232.856)
XI. Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance at the end of the period (III+IV+.....+X+XI)	6.100.000	-	-	(640)	4.074.026	(60.427)	355.993	2.810.470	(4.652.778)	-	52.462.507	8.505.121	2.456.215	72.050.487	3.176	72.053.663

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

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

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

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

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

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE MONTH PERIOD ENDED
31 MARCH 2020**

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

					Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior period net profit/(loss)	Current period net profit/(loss)	Shareholders' Equity Before Minority Interest	Minority Interest	Total Equity
	Paid-in Capital	Share Premium	Share certificate Cancel profits	Other capital reserves	1	2	3	4	5	6						
Prior Period 31 March 2019																
I. Prior Period End Balance	6.100.000	-	-	(483)	3.966.201	(32.536)	243.889	2.643.725	(6.207.033)	-	37.320.380	16.092.374	-	60.126.517	2.458	60.128.975
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted Beginning Balance (I+II)	6.100.000	-	-	(483)	3.966.201	(32.536)	243.889	2.643.725	(6.207.033)	-	37.320.380	16.092.374	-	60.126.517	2.458	60.128.975
IV. Total comprehensive income	-	-	-	-	(15.439)	-	64.029	251.978	(2.971.475)	-	-	-	1.626.061	(1.044.846)	324	(1.044.522)
V. Capital increase by cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase by internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII Convertible bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt Instruments Increase (decrease) by other changes	-	-	-	(32)	136.316	-	-	-	-	-	(136.300)	13.383	-	13.367	-	13.367
XI. Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the period (III+IV+.....+X+XI)	6.100.000	-	-	(515)	4.087.078	(32.536)	307.918	2.895.703	(9.178.508)	-	37.184.080	16.105.757	1.626.061	59.095.038	2.782	59.097.820

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

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

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

4. Exchange Differences on Translation

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS AS OF 31 MARCH 2020

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

VII. CONSOLIDATED STATEMENT OF CASH FLOWS			
	Note (Section Five)	Current Period 1 January-31 March 2020	Prior Period 1 January-31 March 2019
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1		2.395.434	3.399.551
1.1.1		16.095.286	13.979.496
1.1.2		(7.658.923)	(9.555.586)
1.1.3		1.071	7.310
1.1.4		1.328.554	1.383.433
1.1.5		1.795.944	1.038.560
1.1.6		666.782	486.534
1.1.7		(1.220.867)	(1.055.895)
1.1.8		(1.133.700)	(1.011.288)
1.1.9		(7.478.713)	(1.873.013)
1.2		5.172.527	5.836.803
1.2.1		(4.680.725)	(426.306)
1.2.2		8.636.111	(2.515.126)
1.2.3		(39.628.699)	(29.445.676)
1.2.4		(6.922.705)	943.782
1.2.5		1.505.615	(6.778.250)
1.2.6		44.252.872	45.114.686
1.2.7		-	(13.458)
1.2.8		1.789.297	1.123.692
1.2.9		-	-
1.2.10		220.761	(2.166.541)
I.		7.567.961	9.236.354
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities			
		(14.167.862)	(9.385.640)
2.1		(370.401)	(33.283)
2.2		-	-
2.3		(432.201)	(980.300)
2.4		252.859	114.099
2.5		(25.565.522)	(12.564.121)
2.6		10.520.334	4.326.719
2.7		(174.060)	(63.275)
2.8		9.949	845.676
2.9		1.591.180	(1.031.155)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities			
		(1.127.082)	312.920
3.1		2.243.696	10.081.408
3.2		(3.281.352)	(9.768.488)
3.3		-	-
3.4		-	-
3.5		(89.426)	-
3.6		-	-
IV.		1.751.906	928.063
V.		(5.975.077)	1.091.697
VI.		32.051.095	28.295.446
VII.		26.076.018	29.387.143

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

The consolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” (“Regulation”) related with Banking Law numbered 5411 published in the Official Gazette no. 26333 dated 1 November 2006 and other regulations related to reporting principles on accounting records of Banks published by Banking Regulation and Supervision Agency (“BRSA”) and circulars and interpretations published by BRSA (together referred as BRSA Accounting and Reporting Legislation) and in case where a specific regulation is not made by BRSA, Turkish Accounting Standards 34 (“TAS 34”) and Turkish Financial Reporting Standards (“TFRS”) and (referred as “Turkish Accounting and Financial Reporting Regulations” or “Reporting Standards”) put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”).

The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements”, published in the Official Gazette No. 28337, dated 28 June 2012 and the “Communiqué on Public Disclosures on Risk Management by Banks”, published in the Official Gazette No. 29511, dated 23 October 2015 and amendments to these Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

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

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

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

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

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

While preparing the interim financial statements dated March 31, 2020, the Parent Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements. Fair value measurements are revised within the scope of TFRS 13 Fair Value Measurement standard, with the expected credit loss provisions reflected in the financial statements and the assumptions and judgments used in estimating these losses.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued)

As of 31 March 2020, the Parent Bank has reviewed the valuation of financial instruments measured at fair value through other comprehensive income and financial instruments measured at fair value through profit or loss. As of the reporting date, there are no changes in the fair valuation measurement that will require any correction. On the other hand, the Parent Bank evaluated the effects of the COVID-19 outbreak regarding financial instruments whose fair value hierarchy was determined as Level 3 as it contains important estimates and judgments. As of March 31, 2020, the Parent Bank has no assets or liabilities that would require any adjustment in the recently disclosed fair value hierarchy.

The Parent Bank reflected the estimates and judgments into the calculation of expected credit losses with the maximum effort and the best estimation method. The Parent Bank has revised its macroeconomic expectations and has reflected to the financial statement as of 31 March 2020, by taking into account the change in probability of default and loss given default.

In this context, the Parent Bank has measured the impact of its macroeconomic expectations on NPL receivables in different scenarios. In the NPL conversion rate, it has taken into consideration in the calculation by reflecting the coefficient, which is considered to reflect the current situation, to the loan parameters. The Parent Bank increased the weight of the adverse scenario in the expected credit loss calculation. This approach, which is preferred in the expected credit loss for the first quarter of 2020, will be revised in the coming reporting periods by considering the impact of the outbreak, loan portfolio and changes in future expectations.

Within the scope of the 4th and 5th articles of “Regulation on the Classification of Loans and the Procedures and Principles Regarding the Provisions to be Set Aside”; it is allowed that the 30-day-past-due period envisaged for the classification of loans in the second group would be applied as 90 days until 31 December 2020 for the loans classified under the first group and the 90-day-past-due period envisaged for the classification of loans as non-performing would be applied as 180 days until 31 December 2020 for the loans classified under the first and second groups according to the decisions of BRSA numbered 8948 dated 17 March 2020 and numbered 8970 dated 27 March 2020 due to the disruptions in economic and commercial activities resulting from the COVID-19 pandemic. The Parent Bank’s practices regarding the classification of the loans have been updated in accordance with the BRSA decisions effective from 17 March 2020.

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

b. Explanation for convenience translation to English:

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

III. INFORMATION ON CONSOLIDATED SUBSIDIARIES

1. Consolidation Principles Applied

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

1.1. Consolidation Principles for Subsidiaries

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. INFORMATION ON CONSOLIDATED SUBSIDIARIES (Continued)

1. Consolidation Principles Applied (Continued)

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

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

As of the balance sheet date, Ziraat Sigorta A.Ş. ve Ziraat Hayat ve Emeklilik A.Ş are started to be followed under the “Assets Held For Sale And Related To Discontinued Operations” account and has been subject to consolidation through accounts subject to sale transactions.

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

Title	Address (City/Country)	Main Activities	Parent Bank's Share Percentage (%)	Parent Bank's Risk Group Share Percentage (%)
Ziraat Hayat ve Emeklilik A.Ş. (*)	İstanbul/Turkey	Insurance	100,00	100,00
Ziraat Sigorta A.Ş. (*)	İstanbul/Turkey	Insurance	100,00	100,00
Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	Brokerage Houses	100,00	99,60
		Portfolio		
Ziraat Portföy Yönetimi A.Ş.	İstanbul/Turkey	Management	100,00	99,80
Ziraat Katılım Bankası A.Ş.	İstanbul/Turkey	Banking	100,00	100,00
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	Real Estate	100,00	100,00
Ziraat Girişim Sermayesi Ortaklığı A.Ş.	İstanbul/Turkey	Venture Capital	100,00	100,00
Ziraat Bank International AG	Frankfurt/Germany	Banking	100,00	100,00
Ziraat Bank BH d.d.	Sarajevo/Bosnia and Herzegovina	Banking	100,00	100,00
Ziraat Bank (Moscow) JSC	Moscow/Russia	Banking	100,00	100,00
Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	Banking	100,00	99,58
Ziraat Bank Azerbaycan ASC	Baku/Azerbaijan	Banking	100,00	100,00
Ziraat Bank Montenegro AD	Podgorica/Montenegro	Banking	100,00	100,00
JSC Ziraat Bank Georgia	Tbilisi/Georgia	Banking	100,00	100,00
Ziraat Bank Uzbekistan JSC	Tashkent/ Uzbekistan	Banking	100,00	100,00

(*) As of the balance sheet date, the aforementioned companies have been classified as “Assets Held For Sale And Related To Discontinued Operations”.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. INFORMATION ON CONSOLIDATED SUBSIDIARIES (Continued)

1. Consolidation Principles Applied (Continued)

1.2. Consolidation Principles of Associates and Joint Ventures

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

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

1.3. Principles Applied During Share Transfer, Merger and Acquisition

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

1.4. Transactions with Minority Shareholders

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

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

Subsidiaries and subsidiaries in Turkish currency, which are not included in the scope of consolidation, are accounted for at their cost value and, if any, are reflected in the consolidated financial statements.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

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

Derivative financial instruments of the Bank are classified under “IFRS 9 Financial Instruments Standard”(“IFRS 9”) , “Derivative Financial Assets Measured at Fair Value through Profit or loss”.

Derivative financial instruments are initially recognized at fair value. Derivative transactions, depending on the fair value being positive or negative is shown as derivative financial assets measured at fair value through profit or/ loss or derivative financial liabilities measured at fair value through profit or/loss in the following periods of the recording. Fair value differences are recognized in statement of profit or loss in gains / (losses) on derivative financial transactions under trading profit/loss.

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

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

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

Interest income from financial assets are recognized as gross carrying amount according to the effective interest rate method except for interest income from purchased or originated credit-impaired financial assets or financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. The Bank has started to calculate rediscount as of 1 January 2018 for its non-performing loans. Rediscount is calculated over the net book value (Gross Book Value - Expected Credit Losses Reserve) of the non-performing loans.

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

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

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

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

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

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

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

Classification and measurement within the Scope of TFRS 9

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

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

Financial Assets at Fair Value Through Profit or Loss

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

Financial Assets at Fair Value Through Other Comprehensive Income

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

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

Equity investments

Equities, which are classified as fair value through other comprehensive income, that have a quoted market price in an active market and whose fair value can be reliably measured are carried at fair value. Equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost less provision for impairment. Regarding the banking operations of the Bank, there exist ineffective shares of Kredi Garanti Fonu, Türk Ticaret Bankası in liquidation, Borsa İstanbul, Borica Bank Services AD, Central Bank of the Republic of Turkey and Milli Reasürans T.A.Ş. The related investments are classified under financial assets at fair value through other comprehensive income and are carried at book value. For the other equity investments not related to banking activities are classified under financial assets at fair value through other comprehensive income; exceptionally, its costs are considered as fair value. In limited circumstances, cost may be an appropriate estimate of fair value. That may be the case if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

Financial Assets at Measured at Amortized Cost

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

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

Financial assets measured at fair value through other comprehensive income" and "financial assets measured at amortized cost" portfolios of the Bank include Consumer Price Index (CPI) indexed bonds. Mentioned securities are valued and accounted according to the effective interest rate method which is calculated according to the real coupon rate and the reference inflation index on the issue date. The actual coupon payment amounts of these securities, purchase and sale transactions and year-end valuations are calculated by using the index announced by the treasury. Index calculations related to CPI indexed bonds are made by the method specified in Ministry of Treasury and Finance's CPI Indexed Bonds Investor Guide.

The Parent Bank also updates the estimated inflation rate used throughout the year in case of necessity.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

Loans

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

Cash loans are accounted with their original balances in the accounts specified in Uniform Chart of Accounts and Prospectus according to their type, maturity and collateral structures. Foreign exchange loans are recognized with fixed price and revalued by the counter foreign exchange buying rate of the Bank. Foreign exchange indexed loans are used as TL by the valid counter foreign exchange buying rate of the Bank at usage date. Repayments of these loans are collected as calculated TL value by the valid counter foreign exchange selling rate of Bank at installment date.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Explanations on Expected Loss Provisions

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

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

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

Impairment

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

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

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

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

12 Month Expected Credit Losses (Stage 1)

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

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

Significant Increase in Credit Risk (Stage 2)

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

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

Credit-Impaired Losses (Stage 3)

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

Group considers a debt as default on these two conditions;

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

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

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

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

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

Probability of Default (PD)

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

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

Exposure at Default (EAD)

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

Loss Given Default (LGD)

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

Future Expectations

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

The Methodology of Behavioral Maturity Calculation

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

Write-off Policy

The amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans entered into force with its publication in the Official Gazette No.30961 on November 27, 2019. Pursuant to the regulation, the banks are enabled to write down and move off the balance sheet the portion of a loan which is classified as “Group V Loan” (Loans Classified as Loss) if it cannot reasonably be expected to be recovered. Since the reporting period, it can be written-off from the records under TFRS 9. The write-off is an accounting policy and does not result in the waiver of the right to receivable. Within the scope of this amendment, no credit has been written-off by the Group as of the reporting date.

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS

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

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

Securities sold under agreements for repurchase agreements (“Repos”) are classified as “Fair Value Through Profit or Loss”, “Fair Value Through Other Comprehensive Income” and “Financial Asset Measured at Amortized Cost” in the portfolio of the bank, according to the purposes of holding and are subject to valuation according to the portfolio which are belong. Funds obtained in return for repo agreements are accounted in “Money Market Funds” account and interest expense accruals for the period are calculated with the effective interest rate method. Securities purchased with Resale commitment (“Reverse Repo”) are accounted in “Money Markets” on the balance sheet and interest income accruals for the period are calculated with the effective interest rate method.

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

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

The assets that meet the criteria of being classified under assets held for sale are measured at the lower of their book values or fair value less costs to be incurred for sale, 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 acquired by the Bank due to receivables are shown in the line of held for sale purpose in the financial statements depending on the termination of the term sales contract.

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill; is the difference between the acquisition cost the fair value of the identifiable assets, liabilities and contingent liabilities of the acquisition and it represents the payment that the acquirer expects to benefit in the future from assets that are not individually identifiable and separately accountable. Assets which are not included in the financial statements of the business purchased in business combinations; however, that are capable of being separated from goodwill, intangible assets and / or contingent liabilities are reflected to the financial statements with their fair values. As of the date of balance sheet, the Group has no goodwill in its financial statements (31 December 2019: 30.723).

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

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

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

Property and equipment are measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. As of 31 January 2014, the Parent 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 Parent Bank’s inventory, appraisal study was carried by independent expertise companies, and from 31 December 2016 valuation results are reflected in the accounting records. As of 30 January 2014, the net book amount of real estates of the property and equipment before valuation was TL 816.950. As of 31 December 2016, the valuation studies have been done and valuation results are reflected to accounting records. As of 31 March 2020, the fair value difference of the net real estates amounting to TRY 3.812.984 (31 December 2019: TL 3.641.345) is followed under shareholders’ equity.

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT (Continued)

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

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

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Leases in Accordance with TFRS 16

The Group, measures the operational lease liabilities based on the present value of the lease payments, which were not paid on the date the lease actually started, in accordance with TFRS 16. Lease payments are discounted using the Group's alternative borrowing interest rate. 2-year government bond indicator interest rates are used for Turkish Lira rentals, and Eurobond indicator interest rates are used for foreign currency leasing transactions with ongoing contracts.

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

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

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

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

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

XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

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

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

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

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

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

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

Employment Termination and Vacation Benefits

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

The Parent Bank uses independent actuaries in determining liability, and also makes assumptions about issues such as discount rate and inflation. As of 31 March 2020, retirement benefit obligation is TL 1.127.757 (31 December 2019: TL 1.052.901).

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

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 60.427 was classified under shareholders’ equity in the financials.

Unused vacation liability is calculated over cumulative sum of number of unused vacation days which is calculated by subtracting used vacation days of all personnel from legally deserved vacation days.

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

The technical balance sheet report as of 31 December 2019 which is prepared in accordance with the new law and the rate determined as 9,80%, concluded no technical deficit arises in the above mentioned fund. Since the Parent Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Parent Bank’s financial statements.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION

Current Tax

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

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

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

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

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

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

Tax rates used in tax calculation considering the related countries’ tax legislation as of 31 March 2020 are presented below:

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

Deferred Tax

In accordance with TAS 12 “Turkish Accounting Standards Relating to Income Tax” and “Law No. 7061 of November 28, 2017 mentioned in the “Current Tax” section”, 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

Deferred tax assets and liabilities are reflected in the consolidated financial statements by clarifying the consolidated subsidiaries' individual 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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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVIII. EXPLANATIONS ON INSURANCE TECHNICAL RESERVES

Technical Reserves

Reserve for Unearned Premiums

Reserve for unearned premiums represents the proportions of the premiums written in a period that relate to the period of risk subsequent to the balance sheet date, without deductions of commission or any other expense.

Reserve for Outstanding Claims

Insurance companies provide reserve for outstanding claims, incurred and reported but not yet settled in the current or previous years based on reported balances or estimates when actual balances are not exactly known and incurred but not yet reported claims. Within the calculation of reserve for outstanding claims, incurred and reported but not yet settled, entire shares of expense required for maturation of compensation reports including calculated or estimated expert, referee, consultant, court and communication expenses are taken into account and subrogation, salvage and similar revenue items are not discounted. Incurred subrogation, salvage and similar revenue items whose codes of practice will be determined by the undersecretariat are shown under the related credit account of the asset side of the balance sheet and interrelated with period income in condition that subrogation of rights has been gained.

Mathematical Provisions

Mathematical provisions indicate sum of bonus provisions and actuarial mathematical provisions calculated separately according to technical principles in tariff for each agreement in force. Life branch mathematical provision of the company consists of actuarial mathematical provisions calculated for long-term life insurances on credit. Actuarial mathematical provisions are the differences between risk premiums taken for risks undertaken by the Company and cash values of the liabilities to beneficiaries and insureds.

XIX. EXPLANATIONS ON BORROWINGS

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

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

The Group has issued no convertible bonds to shares and has no instruments representing its own borrowings.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

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

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

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

XXII. EXPLANATIONS ON GOVERNMENT GRANTS

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

XXIII. CASH AND CASH EQUIVALENTS

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

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

XXIV. EXPLANATIONS ON SEGMENT REPORTING

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

XXV. EXPLANATIONS ON OTHER MATTERS

Profit Distribution

Since the Parent Bank’s Ordinary General Assembly Meeting for 2019 was not held as of the report date, no dividend distribution for 2019 was made.

Classification

In order to comply with the presentation of the financial statements dated 31 March 2020, some classification procedures were made on the statement of cash flow dated 31 March 2019.

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SECTION FOUR

EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT

I. EXPLANATIONS ON THE COMPONENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY

Shareholders' equity and capital adequacy ratio were calculated within the framework of “Regulation on Banks' Equity” and “Regulation on Measurement and Evaluation of Capital Adequacy of Banks” and in addition to the regulations of BRSA numbered 3397 dated 23 March 2020. Based on recent regulation changes:

- In calculating the amount subject to credit risk, the purchase rate of foreign exchange, which is the basis for the preparation of the financial statements dated 31 December 2019, can be used while calculating the valued amounts in foreign currency.
- As of 23 March 2020, if the net valuation differences of the securities held by banks in the portfolio of “Financial Assets at Fair Value through Other Comprehensive Income” are negative, these differences may not be taken into consideration in the equity amount

As of 31 March 2020, the Group's total capital has been calculated as TL 92.247.402 (31 December 2019: TL 88.375.572), capital adequacy ratio is 15,57% (31 December 2019: 16,39%). This ratio is well above the minimum ratio required by the legislation.

1. Information Related to The Components of Shareholders' Equity

	Current Period	Amount as per the regulation before 01/01/2014*
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	6.100.000	-
Share issue premiums	-	-
Reserves	52.462.507	-
Gains recognized in equity as per TAS	7.223.101	-
Profit	10.961.336	-
Current Period Profit	2.456.215	-
Prior Period Profit	8.505.121	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	17.388	-
Minority Interest	478	-
Common Equity Tier 1 Capital Before Deductions	76.764.810	-
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	61.067	-
Improvement costs for operating leasing	49.043	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	956.833	956.833
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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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
(Continued)**

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

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

	Current Period	Amount as per the regulation before 01/01/2014*
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions from Common Equity Tier I Capital	1.066.943	-
Total Common Equity Tier I Capital	75.697.867	-
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	10.589.255	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Third parties' share in the Additional Tier I capital - -	-	-
Third parties' share in the Additional Tier I capital (Covered by Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	10.589.255	-
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items to be defined by the BRSA (-)	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	10.589.255	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	86.287.122	-
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Third parties' share in the secondary capital	-	-
Third parties' share in the secondary capital (Covered by Temporary Article 3)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	6.014.552	-
Tier II Capital Before Deductions	6.014.552	-
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	6.014.552	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	92.301.674	-

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

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

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

	Current Period	Amount as per the regulation before 01/01/2014*
Total Tier I Capital and Tier II Capital (Total Equity)	92.301.674	-
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale Purpose but Retained more than Five Years	-	-
Other items to be defined by the BRSA	54.272	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	92.247.402	-
Total Risk Weighted Assets	592.673.065	-
CAPITAL ADEQUACY RATIOS		
Consolidated CET 1 Capital Ratio (%)	12,77	-
Consolidated Tier I Capital Ratio (%)	14,56	-
Consolidated Capital Adequacy Ratio (%)	15,57	-
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	4,57	-
a) Capital conservation buffer requirement (%)	2,50	-
b) Bank specific countercyclical buffer requirement (%)	0,066	-
c) Higher bank buffer requirement ratio (%)	2,00	-
Additional CET 1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	8,27	-
Amounts Lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	187.825	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	95.391	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	2.144.350	-
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)	6.014.552	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	6.014.552	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communicue on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communicue on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(*) Amounts considered within transition provisions.

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

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

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

	Prior Period	Amount as per the regulation before 01/01/2014*
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	6.100.000	-
Share issue premiums	-	-
Reserves	52.325.076	-
Gains recognized in equity as per TAS	6.981.113	-
Profit	9.158.560	-
Current Period Profit	7.356.825	-
Prior Period Profit	1.801.735	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	17.388	-
Minority Interest	309	-
Common Equity Tier 1 Capital Before Deductions	74.582.446	-
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	357.628	-
Improvement costs for operating leasing	49.402	-
Goodwill (net of related tax liability)	30.723	30.723
Other intangibles other than mortgage-servicing rights (net of related tax liability)	904.425	904.425
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	-	-
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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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT
(Continued)**

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

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

	Prior Period	Amount as per the regulation before 01/01/2014*
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions from Common Equity Tier I Capital	1.342.178	-
Total Common Equity Tier I Capital	73.240.268	-
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	9.783.918	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Third parties' share in the Additional Tier I capital	-	-
Third parties' share in the Additional Tier I capital (Covered by Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	9.783.918	-
Total Tier I Capital and Tier II Capital (Total Equity)	-	-
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items to be defined by the BRSA (-)	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	9.783.918	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	83.024.186	-
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)	-	-
Third parties' share in the secondary capital	-	-
Third parties' share in the secondary capital (Covered by Temporary Article 3)	5.447.631	-
Tier II Capital Before Deductions	5.447.631	-
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	5.447.631	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	88.471.817	-

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

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

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

	Prior Period	Amount as per the regulation before 01/01/2014(*)
Total Capital (The sum of Tier I Capital and Tier II Capital)	88.471.817	-
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale Purpose but Retained more than Five Years	-	-
Other items to be defined by the BRSA (-)	96.245	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	88.375.572	-
Total Risk Weighted Assets	539.203.074	-
CAPITAL ADEQUACY RATIOS		
Consolidated CET 1 Capital Ratio (%)	13,58	-
Consolidated Tier I Capital Ratio (%)	15,40	-
Consolidated Capital Adequacy Ratio (%)	16,39	-
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	4,55	-
a) Capital conservation buffer requirement (%)	2,50	-
b) Bank specific countercyclical buffer requirement (%)	0,05	-
c) Higher bank buffer requirement ratio (%)	2,00	-
Additional CET 1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	9,08	-
Amounts Lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	180.672	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	90.883	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	1.191.567	-
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)	5.447.631	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	5.447.631	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 01 January 2018-01 January 2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(*) Amounts considered within transition provisions

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

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

2. Items Included in Capital Calculation

Information about instruments included in total capital calculation-Current Period		
	T.C. Ziraat Bankası A.Ş.	Ziraat Katılım Bankası A.Ş.
Issuer	T.C Ziraat Bankası A.Ş.	Ziraat Katılım Bankası A.Ş.
Identifier (CUSIP, ISIN vb.)	XS1984644739	-
Governing law (s) of the instrument	Subject to English Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Communiqué VII-128.8 on Debt Instruments of the Capital Markets Board and the Regulation on Bank Capital and Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity of the BRSA.	The Regulation on Bank Capital and Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity of the BRSA.
Regulatory treatment		
Subject to 10% deduction as of 1/1/2015	None	None
Eligible on unconsolidated and /or unconsolidated basis	Eligible on consolidated and unconsolidated	Eligible on consolidated and unconsolidated
Instrument type	Additional Capital Bond Issuance (Tier 1 Capital)	Additional Capital Credit (Tier 1 Capital)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	10.027	563
Nominal value of instrument (TL million)	10.027	563
Accounting classification of the instrument	347001-Subordinated Debts Instruments	347000- Subordinated Loans
Original date of issuance	24 April 2019	24 April 2019
Maturity structure of the instrument (perpetual/dated)	Perpetual	Perpetual
Issue date of the instrument	24 April 2019	24 April 2019
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes
Call option dates, conditioned call dates and call amount	Subject to the approval of the BRSA, a repayment option is available at the end of each 5-year period from the date of issue.	Option date is 5 years, (subject to BRSA permission)
Subsequent call dates, if applicable	24 April 2024	
Interest/dividend payment		
Fixed or floating coupon/dividend payments	Fixed	None
Coupon rate and any related index	First 5 years fixed 5,076%, next 5 years MS + 5,031% fixed	None
Existence of any dividend payment restriction	None	None
Fully discretionary, partially discretionary or mandatory	Fully discretionary	None
Existence of step up or other incentive to redeem	None	None
Noncumulative or cumulative	Noncumulative	None

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

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

2. Items Included in Capital Calculation (Continued)

<i>Convertible into equity shares</i>		
If convertible, conversion trigger (s)	None	None
If convertible, fully or partially	None	None
If convertible, conversion rate	None	None
If convertible, mandatory or optional conversion	None	None
If convertible, type of instrument convertible into	None	None
If convertible, issuer of instrument to be converted into	None	None
<i>Write-down feature</i>		
If bonds can be written-down, write-down trigger(s)	Yes. Article 7 of the Regulation on Bank Capital	Yes. Article 7 of the Regulation on Bank Capital
If bond can be written-down, full or partial	Has full or partial write down feature	Has full or partial write down feature
If bond can be written-down, permanent or temporary	Has permanent or temporary write down feature	Has temporary write down feature.
If temporary write-down, description of write-up mechanism.	Has-write up mechanism	It is possible to write up after temporary write down.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors	i. After payments within the scope of Priority Liabilities, ii. Equal (pari passu) among themselves and with all other Co-Liabilities without order of preference, and iii. Prior to all payments under Low-Degree Liabilities
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.

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

	Current Period	Prior Period
Balance Sheet - Equity	72.053.663	74.227.502
Operational Leasing Development Costs	(49.043)	(49.402)
Goodwill and Other Intangible Assets and Related Deferred Taxes Liabilities	(956.833)	(935.148)
TIER 2 Capital (Provisions)	6.014.552	5.447.631
Debt Instruments and the Related Issuance Premiums Defined by the BRSA TIER 2 Capital (Provisions)	10.589.255	9.783.918
Other deductions from common equity	(54.272)	(96.245)
Minority interest	(2.698)	(2.684)
Other regulations	4.652.778	-
Amount recognized in regulatory capital	92.247.402	88.375.572

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

II. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK

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

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

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

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

None.

3. Management Policy for Foreign Currency Risk

“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 Parent 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 Parent Bank for The Last 5 Business Days Prior to The Financial Statement Date

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
24.03.2020	6,4060	6,9102	3,8007	0,9256	0,6291	6,5268	4,4244	0,5749	7,4964	1,7058	5,7541
25.03.2020	6,3887	6,9043	3,8058	0,9248	0,6291	6,5198	4,4518	0,5818	7,4729	1,7014	5,7303
26.03.2020	6,3308	6,9430	3,8149	0,9302	0,6336	6,5360	4,4992	0,6025	7,6160	1,6860	5,7626
27.03.2020	6,3937	7,0318	3,8771	0,9426	0,6397	6,6545	4,5358	0,6032	7,8553	1,7023	5,9146
30.03.2020	6,5048	7,1735	4,0057	0,9609	0,6465	6,7829	4,5977	0,6158	8,0777	1,7316	6,0258
31.03.2020	6,5167	7,1618	3,9843	0,9599	0,6561	6,7600	4,5731	0,6197	8,0950	1,7315	6,0412

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

USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
6,2814	6,9358	3,9123	0,9287	0,6393	6,5581	4,5104	0,6153	7,7866	1,6731	5,8354

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

II. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK (Continued)

6. Information on The Foreign Currency Risk of the Group

Current Period	EUR	USD	Other FC ⁽¹⁾	Total
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	16.184.648	14.742.565	5.780.684	36.707.897
Banks	1.361.915	1.669.670	5.170.554	8.202.139
Financial Assets at Fair Value Through Profit and Loss ⁽¹⁾	3.977	78.271	7.074.791	7.157.039
Money Market	-	-	109.087	109.087
Financial Assets at Fair Value Through Other Comprehensive Income	9.988.895	31.570.322	151.670	41.710.887
Loans ⁽²⁾	58.005.870	86.346.313	3.849.486	148.201.669
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures)	-	139.999	5.817	145.816
Financial Assets Measured at Amortised Cost	11.084.979	3.854.594	29.927	14.969.500
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	29.285	783	272.901	302.969
Intangible Assets	20.074	-	31.459	51.533
Other Assets ⁽⁴⁾	2.875.706	3.701.130	210.746	6.787.582
Total Assets ⁽⁵⁾	99.555.349	142.103.647	22.687.122	264.346.118
Liabilities				
Interbank Deposits	13.944.032	2.193.052	878.434	17.015.518
Foreign Currency Deposits	118.323.425	85.968.821	29.118.353	233.410.599
Money Market Borrowings	-	21.461.425	-	21.461.425
Funds Provided from Other Financial Institutions	11.585.142	22.428.645	75.044	34.088.831
Issued Marketable Securities ⁽⁶⁾	10.501.276	10.732.419	128.608	21.362.303
Miscellaneous Payables	1.467.078	301.717	14.471	1.783.266
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	1.424.760	3.534.417	281.316	5.240.493
Total Liabilities	157.245.713	146.620.496	30.496.226	334.362.435
Net Balance Sheet Position	(57.690.364)	(4.516.849)	(7.809.104)	(70.016.317)
Net Off-Balance Sheet Position ⁽³⁾	53.529.307	(8.752.971)	12.003.350	56.779.686
Financial Derivative Assets	62.477.697	73.785.334	12.977.102	149.240.133
Financial Derivative Liabilities	8.948.390	82.538.305	973.752	92.460.447
Non-Cash Loans	39.917.061	50.546.440	7.540.736	98.004.237
Prior Period				
Total Assets	102.706.773	134.619.353	18.009.408	255.335.534
Total Liabilities	145.260.855	137.233.900	23.507.229	306.001.984
Net Balance Sheet Position	(42.554.082)	(2.614.547)	(5.497.821)	(50.666.450)
Net Off-Balance Sheet Position ⁽³⁾	42.239.827	(10.244.323)	9.679.167	41.674.671
Financial Derivative Assets	49.481.768	63.545.770	10.593.739	123.621.277
Financial Derivative Liabilities	7.241.941	73.790.093	914.572	81.946.606
Non-Cash Loans	35.902.142	44.589.301	7.041.025	87.532.468

⁽¹⁾ TL 6.975.138 equivalent to Financial Assets at Fair Value through Profit and Loss Other FC balance arises from gold indexed bonds. (31 December 2019: TL 1.856.094 equivalent to Other FC balance arises from gold indexed bonds)

⁽²⁾ TL 357.308 equivalent of USD and TL 588.697 equivalent of EUR loans are originated as foreign currency indexed loans (31 December 2019: TL 294.722 equivalent of USD and TL 571.170 equivalent of EUR).

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

⁽⁴⁾ Prepaid expenses in other assets amounting to TL 29.686 are not included.

⁽⁵⁾ Expected loss provisions for financial assets and other assets are reflected in related items.

⁽⁶⁾ Includes subordinated debt instruments.

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

III. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK

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

(Based on days to repricing dates)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	21.191.106	-	-	-	-	17.771.589	38.962.695
Banks	1.001.933	55.896	56.027	106.671	-	7.018.193	8.238.720
Financial Assets at Fair Value Through Profit and Loss	301.187	2.706	3.606.600	3.588.360	112.283	2.095	7.613.231
Money Market	614.481	-	-	-	-	-	614.481
Financial Assets at Fair Value Through Other Comprehensive Income	4.677.277	20.793.269	35.349.195	31.926.948	31.525.002	935.585	125.207.276
Loans Given ⁽³⁾	120.685.680	63.018.282	97.804.350	181.157.356	40.449.533	4.870.231	507.985.432
Financial Assets Measured at Amortised Cost	33.278	800.900	2.491.505	12.004.688	4.129.453	28.999	19.488.823
Other Assets ⁽²⁾	4.030.660	4.798.367	1.162.345	118.864	19.393	27.323.317	37.452.946
Total Assets ^{(1) (5)}	152.535.602	89.469.420	140.470.022	228.902.887	76.235.664	57.950.009	745.563.604
Liabilities							
Interbank Deposits	20.916.257	7.413.834	1.228.042	6.628	-	3.135.032	32.699.793
Other Deposits	212.654.712	79.330.990	47.303.918	4.854.649	593.080	148.134.567	492.871.916
Money Market Borrowings	40.335.735	7.519.769	556.709	1.295.165	-	-	49.707.378
Miscellaneous Payables	31.891	-	-	-	-	8.173.498	8.205.389
Issued Marketable Securities ⁽⁶⁾	1.567.519	2.563.081	2.112.241	21.442.250	-	-	27.685.091
Funds Provided from Other Financial Institutions	16.948.829	4.893.012	6.540.804	6.717.592	746.116	-	35.846.353
Other Liabilities ⁽⁴⁾	2.549.376	1.358.242	2.107.856	2.524.993	5.322.797	84.684.420	98.547.684
Total Liabilities ⁽¹⁾	295.004.319	103.078.928	59.849.570	36.841.277	6.661.993	244.127.517	745.563.604
Balance Sheet Long Position	-	-	80.620.452	192.061.610	69.573.671	-	342.255.733
Balance Sheet Short Position	(142.468.717)	(13.609.508)	-	-	-	(186.177.508)	(342.255.733)
Off-Balance Sheet Long Position	898.982	2.379.264	-	189	-	-	3.278.435
Off-Balance Sheet Short Position	844.864	28.355	(1.130.521)	-	(1.015.345)	-	(1.272.647)
Total Position	(140.724.871)	(11.201.889)	79.489.931	192.061.799	68.558.326	(186.177.508)	2.005.788

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

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

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

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

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

⁽⁶⁾ Includes subordinated debt instruments.

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

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

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

(Based on days to repricing dates)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	31.560.965	-	-	-	-	24.249.517	55.810.482
Banks	480.994	110.301	132.777	63.337	-	6.590.614	7.378.023
Financial Assets at Fair Value Through Profit and Loss	26.018	66.586	979.223	895.635	109.639	23	2.077.124
Money Market	621.747	-	-	-	-	-	621.747
Financial Assets at Fair Value Through Other Comprehensive Income	16.155.484	10.821.478	28.371.557	26.495.730	30.722.504	776.517	113.343.270
Loans Given ⁽³⁾	139.542.737	34.099.633	92.585.067	161.718.891	37.973.418	4.545.604	470.465.350
Financial Assets Measured at Amortised Cost	2.460.269	84.298	711.156	10.573.278	4.288.523	51.242	18.168.766
Other Assets ⁽²⁾	1.133.943	1.331.551	399.731	51.871	12.881	22.926.486	25.856.463
Total Assets ⁽¹⁾⁽⁵⁾	191.982.157	46.513.847	123.179.511	199.798.742	73.106.965	59.140.003	693.721.225
Liabilities							
Interbank Deposits	20.755.815	6.904.302	589.744	25.643	-	3.205.124	31.480.628
Other Deposits	194.125.482	70.974.614	50.804.129	3.774.835	1.786.391	126.982.447	448.447.898
Money Market Borrowings	45.120.166	2.948.343	541.873	684.163	-	-	49.294.545
Miscellaneous Payables	32.370	-	-	-	-	7.673.426	7.705.796
Issued Marketable Securities	763.356	3.756.767	984.501	19.654.454	-	-	25.159.078
Funds Provided from Other Financial Institutions	2.745.370	6.304.265	17.872.214	6.104.863	683.231	548.494	34.258.437
Other Liabilities ⁽⁴⁾	1.403.809	147.478	422.109	1.459.280	5.227.647	88.714.520	97.374.843
Total Liabilities ⁽¹⁾	264.946.368	91.035.769	71.214.570	31.703.238	7.697.269	227.124.011	693.721.225
Balance Sheet Long Position	-	-	51.964.941	168.095.504	65.409.696	-	285.470.141
Balance Sheet Short Position	(72.964.211)	(44.521.922)	-	-	-	(167.984.008)	(285.470.141)
Off-Balance Sheet Long Position	1.186.774	141.045	3.419	6	-	129.611	1.460.855
Off-Balance Sheet Short Position	1.047.681	74.152	(85.481)	-	-	-	1.036.352
Total Position	(70.729.756)	(44.306.725)	51.882.879	168.095.510	65.409.696	(167.854.397)	2.497.207

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

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

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

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

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

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

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

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

	EUR	USD	JPY	TL
Current Period ⁽⁴⁾				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	8,00
Banks	4,30	-	-	17,25
Financial Assets at Fair Value Through Profit or Loss	-	5,36	-	9,20
Money Market Placements	-	-	-	8,75
Financial Assets at Fair Value Through Other Comprehensive Income	3,70	5,86	-	11,93
Loans Given ⁽²⁾	4,76	6,80	5,49	11,81
Financial Assets Measured at Amortised Cost	4,96	7,40	-	13,34
Liabilities				
Interbank Deposits	0,16	0,78	-	9,02
Other Deposits	0,37	1,27	-	9,02
Money Market Borrowings	-	2,45	-	9,45
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities ⁽³⁾	5,08	4,96	-	12,17
Funds Provided from Other Financial Institutions	1,77	3,79	-	9,47

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

⁽²⁾ Credit card loans are not included.

⁽³⁾ Subordinated debt instruments are included

⁽⁴⁾ Foreign branches are excluded.

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

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

⁽²⁾ Credit card loans are not included.

⁽³⁾ Subordinated debt instruments are included

⁽⁴⁾ Foreign branches are excluded.

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

IV. EXPLANATIONS ON THE POSITION RISK OF EQUITY INSTRUMENTS

1. Equity Instruments Position Risk Derived from Banking Books

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

Investments in Equity Instruments - Current Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	-	-	-
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	-	-	-
Traded on Stock Exchange	-	-	-
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other (*)	174.905	174.905	-

(*) These stock investments are not traded on the stock exchange and cost values are taken into account as an appropriate estimation method in determining the fair value of the cost.

Investments in Equity Instruments - Prior Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	-	-	-
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	-	-	-
Traded on Stock Exchange	-	-	-
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other (*)	163.902	163.902	-

(*) These stock investments are not traded on the stock exchange and cost values are taken into account as an appropriate estimation method in determining the fair value of the cost.

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 174.905 and 100% of them are risk weighted (31 December 2019: are amounted TL 163.902 and 100% of them are risk weighted).

V. EXPLANATIONS ON CONSOLIDATED 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”.

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

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

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

In line with the “Economic Stability Shield” measures put in place to reduce the effects of the COVID-19 outbreak on the economy, the effects of the new loans on the existing loans and potential new disbursements on existing and future cash flows and related alternative resource plans, The necessary evaluations have been made by taking into consideration, and will be followed up in the future.

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

1. Liquidity Risk

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

The Parent Bank’s risk capacity, risk appetite, responsibilities and tasks of liquidity risk management and share issues of points related liquidity risk management with bank network are explained in “Regulations of Risk Management, Stress Test Program and ICAAP Regulations” of the Parent Bank. In this context, liquidity risk strategies, policies 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 Parent Bank and its partners, the compulsory directions and treats are moderated by Financial Management Assistant General Management to direct liquidity risk and surpluses in effective way.

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

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

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

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

1. Liquidity Risk (Continued)

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

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

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

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

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

Explanation regarding the usage of the stress test

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

General information on liquidity urgent and unexpected situation plan

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

2. Liquidity Coverage Ratio

Within the framework of "Regulation on Calculation of Liquidity Covered Rate of Banks" published in the Official Gazette dated 21 March 2014 and numbered 28948 by the BRSA, The Parent Bank calculates the liquidity cover rate and transmits consolidated on weekly and consolidated on monthly basis to the BRSA. Within the last 3 months the consolidated lowest ratios are as follows: January FC 524,51, TL + FC 160,69; February FC 443,56, TL + FC 157,79; March was realized as FC 431,53, TL + FC 151,41. (31 December 2019: October FC 503,92, TL+FC 145,41; November FC 475,35, TL+FC 146,11; December FC 513,41, TL+FC 149,27)

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

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

2. Liquidity Coverage Ratio (Continued)

Current Period	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets			125.722.301	63.372.103
High Quality Liquid Assets				
Cash Outflows				
Retail and Small Business Customers, of which;	328.543.592	162.823.246	27.878.195	16.282.239
Stable deposits	99.523.284	1.718	4.976.164	86
Less stable deposits	229.020.308	162.821.528	22.902.031	16.282.153
Unsecured wholesale funding, of which;	159.081.303	61.467.928	83.181.406	34.628.326
Operational deposit	9.634.102	1.245.181	2.395.730	298.500
Non-operational deposits	119.954.207	47.253.792	55.758.661	21.505.403
Other unsecured funding	29.492.994	12.968.955	25.027.015	12.824.423
Secured funding				
Other cash outflows, of which;	67.401.703	7.942.556	7.941.907	2.729.127
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.678.729	902.269	2.678.729	902.269
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	64.722.974	7.040.287	5.263.178	1.826.858
Other revocable off-balance sheet commitments and contractual obligations	3.780.029	3.780.029	189.001	189.001
Other irrevocable or conditionally revocable off-balance sheet obligations	53.124.879	32.118.334	2.819.184	1.626.039
Total Cash Outflows			122.009.693	55.454.732
Cash Inflows				
Secured lending				
Unsecured lending	54.812.788	29.423.892	39.730.476	23.714.644
Other cash inflows	1.777.901	39.116.477	1.766.788	39.105.364
Total Cash Inflows	56.590.689	68.540.369	41.497.264	62.820.008
			Upper Limit Applied Amounts	
TOTAL HQLA STOCK			125.722.301	63.372.103
TOTAL NET CASH OUTFLOWS			80.512.429	13.863.683
LIQUIDITY COVERAGE RATIO (%)			156,15	457,11

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

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

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

2. Liquidity Coverage Ratio (Continued)

Prior Period	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			106.986.311	57.969.988
Cash Outflows				
Retail and Small Business Customers, of which;	305.160.810	149.261.517	26.002.445	14.926.062
Stable deposits	90.272.718	1.789	4.513.636	89
Less stable deposits	214.888.092	149.259.728	21.488.809	14.925.973
Unsecured wholesale funding , of which;	133.754.751	53.572.752	69.342.008	28.051.940
Operational deposit	7.865.281	842.792	1.957.900	202.278
Non-operational deposits	106.969.221	46.342.658	52.011.548	21.593.925
Other unsecured funding	18.920.249	6.387.302	15.372.560	6.255.737
Secured funding			-	-
Other cash outflows, of which;	62.216.808	6.758.784	7.125.122	2.150.741
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.236.035	487.363	2.236.035	487.363
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off balance sheet obligations	59.980.773	6.271.421	4.889.087	1.663.378
Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	52.167.084	31.258.133	2.859.625	1.581.286
Total Cash Outflows			105.329.200	46.710.029
Cash Inflows				
Secured lending	-	-	-	-
Unsecured lending	46.299.477	23.410.598	31.145.755	17.763.221
Other cash inflows	1.361.923	43.519.136	1.346.154	43.503.367
Total Cash Inflows	47.661.400	66.929.734	32.491.909	61.266.588
			Upper Limit Applied Amounts	
Total HQLA Stock			106.986.311	57.969.988
Total Net Cash Outflows			72.837.291	11.677.507
Liquidity Coverage Ratio (%)			146,88	496,42

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

3. Minimum Statements Concerning Liquidity Coverage Ratio by Banks

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

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

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

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

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

3. Minimum Statements Concerning Liquidity Coverage Ratio by Banks (Continued)

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

The content of high quality liquid assets

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

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

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

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

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

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

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

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

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

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

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

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EXPLANATIONS RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

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

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ⁽¹⁾	Total
Current Period								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	17.771.590	21.191.105	-	-	-	-	-	38.962.695
Banks	7.018.193	1.003.355	54.474	56.027	106.671	-	-	8.238.720
Financial Assets at Fair Value Through Profit and Loss	2.095	272.447	294	3.607.318	3.618.794	112.283	-	7.613.231
Money Market Placements	-	614.481	-	-	-	-	-	614.481
Financial Assets at Fair Value Through Other Comprehensive Income	-	1.294.252	6.259.641	12.062.865	53.599.893	51.459.203	531.422	125.207.276
Loans Given	2.568	28.689.699	32.436.749	156.608.759	217.754.421	67.623.005	4.870.231	507.985.432
Investments Held-to-Maturity	28.999	33.278	800.900	2.491.505	12.004.689	4.129.452	-	19.488.823
Other Assets	9.336.495	3.875.912	4.953.115	1.162.345	118.864	19.393	17.986.822	37.452.946
Total Assets⁽²⁾	34.159.940	56.974.529	44.505.173	175.988.819	287.203.332	123.343.336	23.388.475	745.563.604
Liabilities								
Interbank Deposits	3.135.032	20.916.257	7.413.834	1.228.042	6.628	-	-	32.699.793
Other Deposits	148.134.567	212.604.323	79.246.664	47.442.789	4.866.847	576.726	-	492.871.916
Funds Provided from Other Financial Institutions	-	12.995.559	3.068.534	7.189.602	8.814.966	3.777.692	-	35.846.353
Money Market Borrowings	-	40.335.344	7.520.160	556.709	1.295.165	-	-	49.707.378
Issued Marketable Securities ⁽³⁾	-	1.567.519	1.813.081	2.862.241	21.442.250	-	-	27.685.091
Miscellaneous Payables	2.981.222	5.043.099	-	-	-	-	181.068	8.205.389
Other Liabilities	7.386.207	5.676.965	1.880.988	2.107.856	2.524.993	7.197.307	71.773.368	98.547.684
Total Liabilities	161.637.028	299.139.066	100.943.261	61.387.239	38.950.849	11.551.725	71.954.436	745.563.604
Liquidity Gap	(127.477.088)	(242.164.537)	(56.438.088)	114.601.580	248.252.483	111.791.611	(48.565.961)	-
Net Off-Balance Sheet Position	11.681	(164.569)	(92.982)	335.850	189	125.078	-	215.247
Financial Derivative Assets	831.979	93.943.155	18.928.012	14.199.531	160.069	1.140.423	-	129.203.169
Financial Derivative Liabilities	820.298	94.107.724	19.020.994	13.863.681	159.880	1.015.345	-	128.987.922
Non-cash Loans	44.985.384	6.618.646	13.321.073	44.278.815	27.072.399	5.488.098	332.811	142.097.226
Prior Period								
Total Assets	37.284.253	65.265.992	37.626.040	185.293.366	253.080.890	93.486.055	21.684.629	693.721.225
Total Liabilities	139.662.428	270.211.959	87.140.325	70.871.543	36.375.040	12.122.526	77.337.404	693.721.225
Liquidity Gap	(102.378.175)	(204.945.967)	(49.514.285)	114.421.823	216.705.850	81.363.529	(55.652.775)	-
Net Off-Balance Sheet Position	-	105.413	(8.583)	(88.029)	670.218	18.825	-	697.844
Financial Derivative Assets	-	70.479.265	25.168.990	6.820.549	1.357.756	735.875	-	104.562.435
Financial Derivative Liabilities	-	70.373.852	25.177.573	6.908.578	687.538	717.050	-	103.864.591
Non-cash Loans	42.650.170	6.515.165	12.406.400	38.396.519	26.266.400	5.260.088	201.418	131.696.160

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

(2) Expected loss provision for financial assets and other assets are recognized in the related account.

(3) Includes subordinated debt instruments.

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

VI. EXPLANATIONS ON CONSOLIDATED LEVERAGE

1. Explanations on Issues that Cause Differences Between Leverage Ratios

The Parent Bank’s consolidated leverage calculated by force of the regulation “Regulation on Measurement and Assessment of Leverage Ratios of Banks” is 8,84% (31 December 2019: 9,24%). The increase on leverage results occur from the increase in Tier 1 capital amount. The regulation sentenced the minimum leverage as 3%.

Balance sheet assets	Current Period ^(*)	Prior Period ^(*)
On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	721.919.761	673.691.992
(Assets deducted in determining Tier 1 capital)	(3.206.818)	(3.562.075)
Total on-balance sheet risks (sum of lines 1 and 2)	718.712.943	670.129.917
Derivative financial instruments and credit derivatives		
Replacement cost associated with all derivative financial instruments and credit Derivatives	3.710.811	2.575.393
Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	1.694.385	1.622.384
Total risks of derivative financial instruments and credit derivatives	5.405.196	4.197.777
Securities or commodity financing transactions (SCFT)		
Risks from SCFT assets	7.913.597	8.795.353
Risks from brokerage activities related exposures	-	-
Total risks related with securities or commodity financing transactions	7.913.597	8.795.353
Other off-balance sheet transactions		
Gross notional amounts of off-balance sheet transactions	228.427.386	197.379.048
(Adjustments for conversion to credit equivalent amounts)	(4.984.638)	(4.251.413)
Total risks of off-balance sheet items	223.442.748	193.127.635
Capital and total risks		
Tier 1 capital	84.307.230	80.977.302
Total risks	955.474.484	876.250.682
Leverage ratio		
Leverage ratio %	8,84%	9,24

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

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

	Current Period ^(*)	Prior Period ^(*)
Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards ^(**)	746.237.987	693.781.550
The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements”	674.383	60.325
The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such instruments	283.044.541	255.846.636
The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts	41.359.653	42.291.398
The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such items	4.984.638	4.251.413
Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such items	(45.562.439)	(48.511.359)
Total Risk Amount	955.474.484	876.250.682

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

^(**) The current year balance of the Consolidated Financial Statements prepared in accordance with paragraph 6 of Article 5 of the Communiqué on Preparation of Consolidated Financial Statements of Banks has been prepared by using the temporary financial statements dated 31 March 2020 of the nonfinancial subsidiaries.

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

VII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT

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

1. Explanations on Risk Management and Risk Weighted Amount

1.1 The Parent Bank's Risk Management Approach

Overview of Risk Weighted Amounts

		Risk Weighted Amount		Minimum Capital Requirement
		Current Period	Prior Period	Current Period
1	Credit Risk (excluding counterparty credit risk)	502.422.204	464.023.607	40.193.777
2	Standardised approach	502.422.204	464.023.607	40.193.777
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	4.142.718	5.889.919	331.417
5	Standardised approach for counterparty credit risk	4.142.718	5.889.919	331.417
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	1.653.855	2.367.231	132.308
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	41.313.642	28.277.041	3.305.091
17	Standardised approach	41.313.642	28.277.041	3.305.091
18	Internal model approaches	-	-	-
19	Operational risk	43.140.646	38.645.276	3.451.252
20	Basic Indicator approach	43.140.646	38.645.276	3.451.252
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)	592.673.065	539.203.074	47.413.845

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

VIII. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS

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

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

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

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

As the Bank is the main financial institution that meets the financing needs of agricultural sector in Turkey, it extends agricultural working capital and investment loans from its own sources for 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 public funds.

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

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

As of 31 March 2020 explanations on segment reporting as shown on the following page are in line with Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

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VIII. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS (Continued)

1. Table for Segment Reporting

Current Period	Retail Banking	Corporate/ Entrepreneur Banking	Specialized Banking	Treasury/ Investment Banking	Consolidation Corrections	Other/ Undistributed	Total
OPERATING INCOME/EXPENSE							
Interest Income	3.883.967	5.857.652	2.091.877	5.052.340	-	212.648	17.098.484
Interest Income from Loans	3.883.967	5.857.652	2.091.877	1.539.150	-	-	13.372.646
Interest Income from Banks	-	-	-	30.431	-	-	30.431
Interest Income from Securities	-	-	-	3.443.097	-	-	3.443.097
Other Interest Income	-	-	-	39.662	-	212.648	252.310
Interest Expense	3.320.150	1.540.369	-	2.072.546	-	594.090	7.527.155
Interest Expense on Deposits	3.320.150	1.540.369	-	404.731	-	-	5.265.250
Interest Expense on Funds Borrowed	-	-	-	378.958	-	-	378.958
Interest Expense on Money Market Transactions	-	-	-	851.844	-	-	851.844
Interest Expense on Securities Issued	-	-	-	437.013	-	-	437.013
Other Interest Expense	-	-	-	-	-	594.090	594.090
Net Interest Income/Expense	563.817	4.317.283	2.091.877	2.979.794	-	(381.442)	9.571.329
Net Fees and Commission Income/Expense	713.957	265.401	41.912	(314.482)	-	46.282	753.070
Fees and Commissions Received	713.957	271.600	41.912	6.026	-	164.640	1.198.135
Fees and Commissions Paid	-	6.199	-	320.508	-	118.358	445.065
Dividend Income	-	-	-	1.071	-	-	1.071
Trading Profit/Loss (Net)	-	-	-	(2.129.894)	-	1.844	(2.128.050)
Other Operating Income	12.995	58.688	8.837	24.935	-	747.722	853.177
Provision for Expected Loss (-)	472.969	1.251.667	273.721	-	-	87.260	2.085.617
Other Provision Expenses(-)	9	58	-	2.413	-	940.932	943.412
Personnel Expenses (-)	-	-	-	-	-	1.074.705	1.074.705
Other Operating Expense	690.365	39.910	22.140	3.493	-	1.405.122	2.161.030
Net Operating Profit/Loss	127.426	3.349.737	1.846.765	555.518	-	(3.093.613)	2.785.833
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	10.417	-	10.417
Tax Provision	-	-	-	-	-	(830.417)	(830.417)
Discontinued Operations Profit / Loss Before Taxes	-	-	-	-	-	572.073	572.073
Discontinued Operations Tax Provision	-	-	-	-	-	(81.405)	(81.405)
Net Profit/Loss	127.426	3.349.737	1.846.765	555.518	10.417	(3.433.362)	2.456.501
SEGMENT ASSETS							
Financial Assets at FV Through P/L	-	-	-	7.613.231	-	-	7.613.231
Banks and Receivables from Money Market	-	-	-	8.853.201	-	-	8.853.201
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	125.207.116	160	-	125.207.276
Loans	127.668.524	283.695.042	74.715.056	21.905.141	-	1.669	507.985.432
Financial Assets Measured at Amortised Cost (Net)	-	-	-	19.488.823	-	-	19.488.823
Derivative Financial Assets	-	-	-	4.554.144	-	-	4.554.144
Associates, Subsidiaries and Joint Ventures	-	-	-	8.596.531	(7.427.616)	-	1.168.915
Other Assets	16.539	6.585.125	156.778	35.317.529	(137.086)	28.753.697	70.692.582
Total Segment Assets	127.685.063	290.280.167	74.871.834	231.535.716	(7.564.542)	28.755.366	745.563.604
SEGMENT LIABILITIES							
Deposits	363.672.239	106.442.595	-	34.147.843	-	21.309.032	525.571.709
Derivative Financial Liabilities Held for Trading	-	-	-	3.664.649	-	-	3.664.649
Funds Borrowed	-	-	-	35.846.353	-	-	35.846.353
Money Market Funds	7.540	28.073.327	-	21.626.511	-	-	49.707.378
Securities Issued (Net)	-	-	-	17.183.815	-	-	17.183.815
Provisions	1.582	1.155.476	-	1.250	-	4.201.978	5.360.286
Other Liabilities	-	-	-	-	14.696	36.161.055	36.175.751
Shareholders' Equity	-	-	-	-	(7.587.467)	79.641.130	72.053.663
Total Segment Liabilities	363.681.361	135.671.398	-	112.470.421	(7.572.771)	141.313.195	745.563.604

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

VIII. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS (Continued)

1. Table for Segment Reporting (Continued)

Prior Period – 31 March 2019	Retail Banking	Corporate/ Entrepreneur Banking	Specialized Banking	Treasury/ Investment Banking	Consolidation Corrections	Other/ Undistributed	Total
OPERATING INCOME/EXPENSE							
Interest Income	3.330.927	6.460.844	1.888.312	4.804.299	-	160.664	16.645.046
Interest Income from Loans	3.330.927	6.460.844	1.888.312	1.293.583	-	828	12.974.494
Interest Income from Banks	-	-	-	210.300	-	-	210.300
Interest Income from Securities	-	-	-	3.142.029	-	-	3.142.029
Other Interest Income	-	-	-	158.387	-	159.836	318.223
Interest Expense	4.776.580	1.947.190	-	4.243.947	-	117.541	11.085.258
Interest Expense on Deposits	4.776.580	1.947.190	-	754.430	-	-	7.478.200
Interest Expense on Funds Borrowed	-	-	-	496.471	-	-	496.471
Interest Expense on Money Market Transactions	-	-	-	2.705.954	-	-	2.705.954
Interest Expense on Securities Issued	-	-	-	287.092	-	-	287.092
Other Interest Expense	-	-	-	-	-	117.541	117.541
Net Interest Income/Expense	(1.445.653)	4.513.654	1.888.312	560.352	-	43.123	5.559.788
Net Fees and Commission Income/Expense	690.580	502.547	28.989	(350.525)	-	(49.910)	821.681
Fees and Commissions Received	690.596	505.861	28.989	3.000	-	169.849	1.398.295
Fees and Commissions Paid	16	3.314	-	353.525	-	219.759	576.614
Dividend Income	-	-	-	10.072	-	-	10.072
Trading Profit/Loss (Net)	-	-	-	(1.405.763)	-	(4.306)	(1.410.069)
Other Operating Income	21.984	96.822	8.209	1.346	-	1.132.297	1.260.658
Provision for Expected Loss (-)	235.981	652.183	161.371	-	-	171.190	1.220.725
Other Provision Expenses (-)	-	1.387	-	540	-	204.783	206.710
Personnel Expense (-)	-	-	-	-	-	933.667	933.667
Other Operating Expense	490.327	12.575	14.757	-	-	1.299.240	1.816.899
Net Operating Profit/Loss	(1.459.397)	4.446.878	1.749.382	(1.185.058)	-	(1.487.676)	2.064.129
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	13.180	-	13.180
Tax Provision	-	-	-	-	-	(451.116)	(451.116)
Net Profit/Loss	(1.459.397)	4.446.878	1.749.382	(1.185.058)	13.180	(1.938.792)	1.626.193
SEGMENT ASSETS 31 December 2019							
Financial Assets at FV Through P/L	-	-	-	2.077.124	-	-	2.077.124
Banks and Receivables from Money Market	-	-	-	7.999.770	-	-	7.999.770
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	113.343.110	160	-	113.343.270
Loans	120.921.280	255.916.730	70.408.159	23.219.181	-	-	470.465.350
Financial Assets Measured at Amortised Cost (Net)	-	-	-	18.168.766	-	-	18.168.766
Derivative Financial Assets	-	-	-	2.794.737	-	-	2.794.737
Associates, Subsidiaries and Joint Ventures	-	-	-	7.990.970	(7.263.884)	-	727.086
Other Assets	18.767	5.070.698	150.770	48.015.157	(132.941)	25.022.671	78.145.122
Total Segment Assets	120.940.047	260.987.428	70.558.929	223.608.815	(7.396.665)	25.022.671	693.721.225
SEGMENT LIABILITIES 31 December 2019							
Deposits	338.845.798	93.581.093	-	31.837.650	-	15.663.985	479.928.526
Derivative Financial Liabilities Held for Trading	-	-	-	1.652.201	-	-	1.652.201
Funds Borrowed	-	-	-	34.258.437	-	-	34.258.437
Money Market Funds	6.649	26.580.217	-	22.707.679	-	-	49.294.545
Securities Issued (Net)	-	-	-	15.593.121	-	-	15.593.121
Provisions	868	1.093.910	-	14.393	-	3.001.623	4.110.794
Other Liabilities	-	-	-	-	15.145	34.640.954	34.656.099
Shareholders' Equity	-	-	-	-	(7.427.955)	81.655.457	74.227.502
Total Segment Liabilities	338.853.315	121.255.220	-	106.063.481	(7.412.810)	134.962.019	693.721.225

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1.787.465	2.095.293	2.096.092	2.744.823
Central Bank of the Republic of Turkey	465.742	34.144.645	851.533	47.135.173
Other	2.002	469.263	-	2.984.645
Total	2.255.209	36.709.201	2.947.625	52.864.641

Information on Required Reserves

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

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

With the amendments made in 2019, the Central Bank has linked the TL and FC required reserve rates and the interest to be paid on the required reserves maintained in TL with the annual growth rates of TL cash loans. Required reserve rates vary according to the maturity structure of the liabilities, and are applied between 1%-7% for TL deposits and other liabilities, 8%-19% for FX deposits and 0%-21% for other FC liabilities.

Information related to the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	347.829	13.068.721	740.936	15.680.921
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Other ⁽¹⁾	117.913	21.075.924	110.597	31.454.252
Total	465.742	34.144.645	851.533	47.135.173

(1) Includes required reserves and CBRT restricted electronic money funds amounting to TL2.327. Required reserve of branches abroad amounting to TL 184.326 is presented in this line. TL 3.358.898 of the current period’s FC required reserve is the part of the TL required reserves that are held in FC (31 December 2019: Includes required reserves and CBRT restricted electronic money funds amounting to TL 3.373. Required reserve of branches abroad amounting to TL 160.297 is presented in this line. TL 3.497.808 of the current period’s FC required reserve is the part of the TL required reserves that are held in FC).

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

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

2. Financial Assets at Fair Value Through Profit or Loss Those Subject to Repo Transactions and Given / Covered as Collateral

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	342.305	-
Assets Blocked/Given as Collateral	3.772.254	-
Total	4.114.559	-

3. Trading derivative financial assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	216.156	506	156.574	25.329
Swap Transactions	1.953.078	2.384.404	1.139.190	1.473.623
Futures Transactions	-	-	-	-
Options	-	-	-	21
Other	-	-	-	-
Total	2.169.234	2.384.910	1.295.764	1.498.973

4. Information on Bank Account and Foreign Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	5.923	311.183	3.318	196.788
Foreign Banks	31.431	7.896.027	127.754	7.055.025
Foreign Head Office and Branches	-	-	-	-
Total	37.354	8.207.210	131.072	7.251.813

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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	49.520.166	50.621.551
Assets Blocked/Given as Collateral	27.262.941	30.621.149
Total	76.783.107	81.242.700

6. Information On Financial Assets Fair Value Through Other Comprehensive Income:

	Current Period	Prior Period
Debt Securities	132.026.567	114.912.189
Quoted in Stock Exchange	130.874.105	114.349.056
Not Quoted in Stock Exchange	1.152.462	563.133
Share Certificates	558.104	564.533
Quoted in Stock Exchange	358.772	376.658
Not Quoted in Stock Exchange	199.332	187.875
Provision for Impairment (-)	7.377.395	2.133.452
Total	125.207.276	113.343.270

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

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

7. Information Related to Loans

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Direct Loans Granted to Shareholders	-	-	-	-
Legal Entities	-	-	-	-
Individuals	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees ^{(1) (2)}	633.642	-	485.525	-
Total	633.642	-	485.525	-

(1) Interest rediscount and interest accrual amounting TL 4.648, are not included (31 December 2019: Interest rediscount and interest accrual amounting TL 4.330 are not included).

(2) Since the balance of overdraft accounts related to employees amounting TL 17.857, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above. (31 December 2019: Since the balance of overdraft accounts related to employees amounting TL 22.633, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above.)

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

Current Period	Standard Loans	Loans Under Close Monitoring Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled	
			Loans with revised contract terms	Refinancing
Cash Loans				
Non-Specialized Loans	396.180.767	18.628.661	5.935.201	-
Loans given to enterprises	243.253.109	8.888.437	5.673.231	-
Export Loans	8.226.998	371.224	-	-
Import Loans	106.073	-	-	-
Loans Given to Financial Sector	7.059.926	7.507.951	-	-
Consumer Loans	117.698.201	1.520.534	257.074	-
Credit Cards	11.549.858	243.216	1.972	-
Other	8.286.602	97.299	2.924	-
Specialized Loans ^{(1) (2)}	67.502.331	1.817.186	1.171.992	-
Other Receivables	-	-	-	-
Interest Income Accruals	9.857.833	3.163.707	425.047	-
Total	473.540.931	23.609.554	7.532.240	-

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

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

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

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

7. Information Related to Loans (Continued)

Prior Period	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled	Refinancing
Cash Loans			Loans with revised contract terms	
Non-Specialized Loans	363.097.301	17.835.400	7.131.728	-
Loans given to enterprises	220.344.285	8.342.700	6.922.086	-
Export Loans	6.065.257	381.127	-	-
Import Loans	598.091	2.837	-	-
Loans Given to Financial Sector	5.844.116	6.786.703	-	-
Consumer Loans	110.444.752	1.942.072	205.095	-
Credit Cards	11.116.087	287.413	1.681	-
Other	8.684.713	92.548	2.866	-
Specialized Loans ⁽¹⁾⁽²⁾	63.022.874	2.283.220	898.711	-
Other Receivables	-	-	-	-
Interest Income Accruals	8.922.676	2.715.192	520.358	-
Total	435.042.851	22.833.812	8.550.797	-

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

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

Expected Credit Loss of Stage 1 and Stage 2	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	1.683.480	-	1.484.228	-
Significant Increase in Credit Risk	-	3.764.222	-	3.475.535

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

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

7. Information Related to Loans (Continued)

7.3. Information on consumer loans, personal credit cards, personnel loans and personnel credit cards:

Current Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	1.025.555	115.441.301	116.466.856
Mortgage Loans ⁽²⁾	13.067	70.949.356	70.962.423
Automotive Loans	6.836	479.878	486.714
Consumer Loans ⁽²⁾	1.005.450	44.010.778	45.016.228
Other	202	1.289	1.491
Consumer Loans- Indexed to FC	52	221.363	221.415
Mortgage Loans ⁽²⁾	-	27.352	27.352
Automotive Loans	-	689	689
Consumer Loans ⁽²⁾	-	193.322	193.322
Other	52	-	52
Consumer Loans-FC	4.398	692.319	696.717
Mortgage Loans ⁽²⁾	180	114.988	115.168
Automotive Loans	-	-	-
Consumer Loans ⁽²⁾	1.966	272.826	274.792
Other	2.252	304.505	306.757
Consumer Credit Cards-TL	6.895.595	189.130	7.084.725
With Installment	2.202.919	180.543	2.383.462
Without Installment	4.692.676	8.587	4.701.263
Consumer Credit Cards-FC	45.614	-	45.614
With Installment	44.737	-	44.737
Without Installment	877	-	877
Personnel Loans-TL	26.457	427.899	454.356
Mortgage Loans ⁽²⁾	-	180	180
Automotive Loans	-	118	118
Consumer Loans ⁽²⁾	26.457	427.601	454.058
Other	-	-	-
Personnel Loans-Indexed to FC	15	11.160	11.175
Mortgage Loans ⁽²⁾	-	3.413	3.413
Automotive Loans	-	-	-
Consumer Loans ⁽²⁾	-	-	-
Other	15	7.747	7.762
Personnel Loans-FC	96	19.008	19.104
Mortgage Loans ⁽²⁾	-	4.548	4.548
Automotive Loans	-	-	-
Consumer Loans ⁽²⁾	-	-	-
Other	96	14.460	14.556
Personnel Credit Cards-TL	140.384	6.650	147.034
With Installment	52.268	6.483	58.751
Without Installment	88.116	167	88.283
Personnel Credit Cards-FC	1.380	593	1,973
With Installment	1.334	-	1.334
Without Installment	46	593	639
Overdraft Accounts-TL (Real Person)	1.606.186	-	1.606.186
Overdraft Accounts-FC (Real Person)	-	-	-
Total ⁽¹⁾	9.745.732	117.009.423	126.755.155

⁽¹⁾ TL 761.334 of interest income rediscount and accrual is not included.

⁽²⁾ Funds originated consumer loans amounting to TL 3.941.007 are included.

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

7. Information on consumer loans, personal credit cards, personnel loans and personnel credit cards: (Continued)

Prior Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	1.129.293	108.555.639	109.684.932
Mortgage Loans ⁽²⁾	17.171	66.746.547	66.763.718
Automotive Loans	9.468	484.696	494.164
Consumer Loans ⁽²⁾	1.102.654	41.324.396	42.427.050
Other	-	-	-
Consumer Loans- Indexed to FC	-	187.594	187.594
Mortgage Loans ⁽²⁾	-	22.540	22.540
Automotive Loans	-	10	10
Consumer Loans ⁽²⁾	-	79.630	79.630
Other	-	85.414	85.414
Consumer Loans-FC	7.363	665.150	672.513
Mortgage Loans ⁽²⁾	181	79.052	79.233
Automotive Loans	-	1.057	1.057
Consumer Loans ⁽²⁾	1.904	296.775	298.679
Other	5.278	288.266	293.544
Consumer Credit Cards-TL	7.013.410	189.176	7.202.586
With Installment	2.484.024	181.398	2.665.422
Without Installment	4.529.386	7.778	4.537.164
Consumer Credit Cards-FC	41.943	-	41.943
With Installment	41.181	-	41.181
Without Installment	762	-	762
Personnel Loans-TL	21.572	278.144	299.716
Mortgage Loans ⁽²⁾	-	228	228
Automotive Loans	-	92	92
Consumer Loans ⁽²⁾	21.572	277.143	298.715
Other	-	681	681
Personnel Loans-Indexed to FC	-	11.530	11.530
Mortgage Loans ⁽²⁾	-	3.650	3.650
Automotive Loans	-	-	-
Consumer Loans ⁽²⁾	-	2.461	2.461
Other	-	5.419	5.419
Personnel Loans-FC	178	17.387	17.565
Mortgage Loans ⁽²⁾	-	4.260	4.260
Automotive Loans	-	-	-
Consumer Loans ⁽²⁾	175	5.554	5.729
Other	3	7.573	7.576
Personnel Credit Cards-TL	148.749	6.658	155.407
With Installment	56.923	6.508	63.431
Without Installment	91.826	150	91.976
Personnel Credit Cards-FC	1.307	-	1.307
With Installment	1.256	-	1.256
Without Installment	51	-	51
Overdraft Accounts-TL (Real Person)	1.718.010	-	1.718.010
Overdraft Accounts-FC (Real Person)	59	-	59
Total ⁽¹⁾	10.081.884	109.911.278	119.993.162

⁽¹⁾ TL 929.464 of interest income accrual is not included.

⁽²⁾ Funds originated consumer loans amounting to TL 3.908.975 of are included.

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(Continued)**

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

7. Information Related to Loans (Continued)

7.4. Information on Commercial Installment Loans and Corporate Credit Cards

Current Period	Short-Term	Medium and Long-Term	Total
Installment Based Commercial Loans-TL	2.339.733	60.927.006	63.266.739
Mortgage Loans	4.176	1.182.576	1.186.752
Automotive Loans	83.402	1.559.312	1.642.714
Consumer Loans	2.252.155	58.185.118	60.437.273
Other	-	-	-
Installment Based Commercial Loans- Indexed to FC	-	141.398	141.398
Mortgage Loans	-	133.806	133.806
Automotive Loans	-	7.592	7.592
Consumer Loans	-	-	-
Other	-	-	-
Installment Based Commercial Loans - FC	466.983	31.529.975	31.996.958
Mortgage Loans	204.529	703.135	907.664
Automotive Loans	-	36.826	36.826
Consumer Loans	20.258	30.153.717	30.173.975
Other	242.196	636.297	878.493
Corporate Credit Cards-TL	4.472.943	41.388	4.514.331
With Installment	1.724.985	39.516	1.764.501
Without Installment	2.747.958	1.872	2.749.830
Corporate Credit Cards-FC	1.369	-	1.369
With Installment	969	-	969
Without Installment	400	-	400
Overdraft Account-TL (Legal Entity)	798.130	-	798.130
Overdraft Account-FC (Legal Entity)	14.094	-	14.094
Total ⁽¹⁾	8.093.252	92.639.767	100.733.019

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

Prior Period	Short-Term	Medium and Long-Term	Total
Installment Based Commercial Loans-TL	1.866.168	50.654.394	52.520.562
Mortgage Loans	39.864	1.007.014	1.046.878
Automotive Loans	100.385	1.364.032	1.464.417
Consumer Loans	1.725.919	48.283.348	50.009.267
Other	-	-	-
Installment Based Commercial Loans- Indexed to FC	428.933	889.942	1.318.875
Mortgage Loans	414.390	796.389	1.210.779
Automotive Loans	-	25.946	25.946
Consumer Loans	-	-	-
Other	14.543	67.607	82.150
Installment Based Commercial Loans - FC	227.442	31.157.845	31.385.287
Mortgage Loans	-	40.163	40.163
Automotive Loans	-	30.257	30.257
Consumer Loans	27.940	30.705.602	30.733.542
Other	199.502	381.823	581.325
Corporate Credit Cards-TL	3.959.096	32.154	3.991.250
With Installment	1.494.093	28.798	1.522.891
Without Installment	2.465.003	3.356	2.468.359
Corporate Credit Cards-FC	12.688	-	12.688
With Installment	12.121	-	12.121
Without Installment	567	-	567
Overdraft Account-TL (Legal Entity)	718.320	-	718.320
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	7.212.647	82.734.335	89.946.982

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

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

7. Information Related to Loans (Continued)

**7.5. Distribution of Domestic And Foreign Loans: Loans Are Classified According To The Locations
Of The Customers.**

	Current Period	Prior Period
Domestic Loans	474.025.433	438.050.832
Foreign Loans	17.210.705	16.218.402
Interest Income Accruals of Loans	13.446.587	12.158.226
Total	504.682.725	466.427.460

7.6. Loans Granted to Investments In Associates And Subsidiaries:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	164.236	115.055
Indirect loans granted to subsidiaries and associates	-	-
Total	164.236	115.055

7.7. Credit-Impaired Losses:

	Current Period	Prior Period
Loans and other receivables with limited collectability	1.138.794	1.037.244
Loans and other receivables with doubtful collectability	2.158.215	1.596.085
Uncollectible loans and other receivables	7.039.318	6.569.199
Total	10.336.327	9.202.528

7.8. Information on Non-Performing Loans (Net):

7.8.1. Information on Non-Performing Loans Restructured or Rescheduled and Other Receivables:

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period			
Gross amounts before the provisions	196.085	521.850	312.237
Rescheduled Loans	196.085	521.850	312.237
Prior Period			
Gross amounts before the provisions	234.691	200.185	263.237
Rescheduled Loans	234.691	200.185	263.237

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

7. Information Related to Loans (Continued)

7.8.2. Information on The Movement of Total Non-Performing Loans:

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Prior Period Ending Balance	2.958.436	3.390.090	8.182.904
Additions (+)	1.046.472	97.846	321.096
Transfers from Other Categories of Non-Performing Loans (+)	-	1.819.005	623.853
Transfers to Other Categories of Non-Performing Loans (-)	1.819.005	623.853	-
Collections (-) ⁽¹⁾	197.686	226.729	365.871
Write-offs (-)	-	-	-
Sold (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period End Balance	1.988.217	4.456.359	8.761.982
Provision (-)	1.138.794	2.158.215	7.039.318
Net Balance at Balance Sheet	849.423	2.298.144	1.722.664

⁽¹⁾ Consist of transfer amount TL 123.504 to the Stage I and Stage II loans.

7.8.3. Information on Non-Performing Loans Granted as Foreign Currency Loans:

	Group III Loans and other receivables with limited collectability	Group IV Loans and other receivables with doubtful collectability	Group V Uncollectible loans and other receivables
Current Period:			
Balance at the End of the Period	1.106.442	113.548	189.420
Provision Provided for Expected Credit Losses (-)	756.575	31.920	97.199
Net Balance on Balance Sheet	349.867	81.628	92.221
Prior Period:			
Balance at the End of the Period	981.661	36.786	176.860
Provision Provided for Expected Credit Losses (-)	351.548	27.662	118.767
Net Balance on Balance Sheet	630.113	9.124	58.093

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

7. Information Related to Loans (Continued)

7.8.4. Breakdown of Non-Performing Loans According to Their Gross And Net Values:

	Group III	Group IV	Group V
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	849.423	2.298.144	1.722.664
Loans to Real Persons and Legal Entities(Gross)	1.988.217	4.456.359	8.615.732
Provisions (-)	1.138.794	2.158.215	6.893.068
Loans to Real Persons and Legal Entities(Net)	849.423	2.298.144	1.722.664
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	146.250
Provisions (-)	-	-	146.250
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	1.921.192	1.794.005	1.613.705
Loans to Real Persons and Legal Entities(Gross)	2.958.436	3.390.090	8.036.937
Provisions (-)	1.037.244	1.596.085	6.423.232
Loans to Real Persons and Legal Entities(Net)	1.921.192	1.794.005	1.613.705
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	145.967
Provisions (-)	-	-	145.967
Other Loans and Receivables (Net)	-	-	-

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

	Group III	Group IV	Group V
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	75.927	149.562	79.123
Interest Accruals and Valuation Differences	117.737	381.644	358.964
Provisions (-)	41.810	232.082	279.841
Prior Period (Net)	118.907	141.858	66.952
Interest Accruals and Valuation Differences	176.670	304.558	247.365
Provisions (-)	57.763	162.700	180.413

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

8. Financial Assets Measured at Amortised Cost

8.1. Information on Financial Subject to Repurchase Agreements And Those Given as Collateral/Blocked:

Financial Assets Measured at Amortised Cost subject to repo transactions

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	2.165.091	1.992.099	1.989.088	2.104.824
Treasury Bills	-	-	-	-
Other Public Sector Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	2.165.091	1.992.099	1.989.088	2.104.824

Financial Assets Measured at Amortised Cost given as collateral or blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	-	-	-	-
Bonds and Similar Investment Securities	2.030.875	11.419.213	2.021.297	10.404.413
Other	-	-	-	-
Total	2.030.875	11.419.213	2.021.297	10.404.413

8.2. Information on Government Debt Securities

	Current Period	Prior Period
Government Bonds	18.736.210	17.449.581
Treasury Bills	-	-
Other Public Sector Debt Securities	667.518	610.381
Total	19.403.728	18.059.962

8.3 Information on Financial Assets Measured at Amortised Cost:

	Current Period	Prior Period
Debt securities	19.492.022	18.171.734
Listed in a Stock Exchange	18.773.969	17.485.773
Not Listed in a Stock Exchange	718.053	685.961
Provision for Impairment (-)	129	119
Total	19.491.893	18.171.615

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

8. Financial Assets Measured at Amortised Cost (Continued)

8.4 The Movement of Financial Assets at Amortised Costs:

	Current Period	Prior Period
Beginning Balance	18.171.615	10.282.545
Foreign Currency Differences on Monetary Assets	1.152.247	573.347
Purchases During the Year ⁽¹⁾	178.109	11.191.088
Disposals through Sales and Redemptions	(9.949)	(3.875.246)
Provision for Impairment (-)	129	119
Period End Balance	19.491.893	18.171.615

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

9. Information on investments in associates (Net):

9.1. Non-Consolidated 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	Platform Ortak Karlı Sistemler A.Ş.	Istanbul/Turkey	26,67	26,67
4	Bileşim Alternatif Dağıtım Kan. A.Ş.	Istanbul/Turkey	33,34	33,34

	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	147.650	100.983	77.383	1.439	-	8.775	8.943	-
2	315.839	183.791	196.679	941	-	11.540	12.147	-
3	5.250	5.250	-	-	-	-	-	-
4	71.454	45.047	19.072	666	-	543	4.342	-

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

⁽²⁾ Current period information of associates has been provided from unreviewed financial statements as of 31 March 2020. Prior period profit/loss information of associates has been provided from reviewed financial statements as of 31 March 2019.

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

9.2. Consolidated Subsidiaries:

	Title	Address (City/ Country)	The Parent Bank’s Share Percentage-if different Voting Percentage (%)	The Parent Bank’s Group Share Percentage (%)
1	Arap Türk Bankası A.Ş.	Istanbul / Turkey	22,20	15,43

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

9. Information on Investments In Associates (Net): (Continued)

Main Financial Figures of Consolidated Subsidiaries, In The Order of The Above Table:

	Total Assets ⁽²⁾	Shareholders' Equity ⁽²⁾	Total Non-Current Assets ⁽²⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit / Loss ⁽²⁾	Prior Period Profit / Loss ⁽²⁾	Fair Value ⁽¹⁾
1	5.748.151	1.058.879	141.354	43.169	9.122	18.249	50.665	-

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

⁽²⁾ Current period information of Arap Türk Bankası A.Ş. has been provided from unaudited financial statements as of 31 March 2020. Prior period profit/loss information of associates has been provided from audited financial statements as of 31 March 2019.

9.3. Movement Schedule for Consolidated Subsidiaries:

	Current Period	Prior Period
Prior Period End Balance	162.465	133.745
Movement During the Period	920	28.720
Additions	-	-
Bonus Share Certificates	-	-
Shares of Current Year Profits	2.816	25.680
Transfer (-)	-	-
Sales	-	-
Revaluation Increase	-	3.040
Impairment Provision	1.896	-
Balance at the End of the Period	163.385	162.465
Capital Commitments	-	-
Period Ending Share of Capital Participation (%)	-	-

9.4. Sectoral Information on Consolidated Financial Subsidiaries And The Related Carrying Amounts:

Subsidiaries	Current Period	Prior Period
Banks	163.385	162.465
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	-	-

9.5. Subsidiaries Quoted to A Stock Exchange:

None (31 December 2019: None).

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

10. Information on Subsidiaries (Net)

10.1. Information on Unconsolidated Subsidiaries

	Description	Address (City/ Country)	The Parent Bank's Share Percentage-if different Voting Percentage (%)	The Parent Bank's Group Share Percentage (%)
1	Ziraat Teknoloji A.Ş.	İstanbul / Turkey	100,00	100,00
2	Onko İlaç Sanayi ve Ticaret A.Ş.	İstanbul / Turkey	66,66	85,00

	Total Assets ⁽²⁾	Shareholders' Equity ⁽²⁾	Total Non-Current Assets ⁽²⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit / Loss ⁽²⁾	Prior Period Profit / Loss ⁽²⁾	Fair Value ⁽¹⁾
1	81.786	22.239	2.918	299	-	6.367	(549)	-
2	682.838	75.957	344.735	167	-	(20.083)	(51)	-

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

⁽²⁾ Current period information of associates has been provided from unreviewed financial statements as of 31 March 2020. Prior period profit/loss information of associates has been provided from reviewed financial statements as of 31 March 2019.

10.2. Information on Consolidated Subsidiaries

In the unconsolidated financial statements of the Parent Bank, 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 Revaluation Fund” under shareholders' equity.

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

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

10. Information on Subsidiaries (Net) (Continued)

	Total Assets	Shareholders' Equity	Total Non-Current Assets	Interest Income	Income from Marketable Securities	Current Period Profit / Loss	Prior Period Profit /Loss	Fair Value	Shareholder's equity amount needed
1	402.065	239.598	3.862	11.267	-	44.509	21.618	-	-
2	130.199	117.244	34.297	2.068	-	15.222	7.425	-	-
3	36.392.174	3.166.828	278.238	3.348.724	245.733	516.735	325.233	-	-
4	2.752.137	1.828.611	1.995.871	914	-	18.111	9.424	-	-
5	878.972	877.397	1.429	9.955	-	8.507	35.476	-	-
6	8.518.488	1.807.688	24.221	70.787	-	34.523	43.140	1.622.971	-
7	3.709.196	238.155	143.606	25.342	-	5.279	1.698	467.860	-
8	711.941	266.035	11.014	18.954	169	8.956	5.728	269.215	-
9	1.360.945	447.844	24.370	28.953	-	14.942	7.559	407.842	-
10	963.393	278.948	75.217	14.429	451	7.440	2.730	196.898	-
11	575.529	120.497	9.224	5.857	327	1.067	(109)	99.227	-
12	244.034	108.530	13.304	3.005	782	(2.301)	1.666	107.737	-
13	531.843	196.084	14.964	12.484	-	7.673	5.237	144.665	-

- (1) The subsidiaries other than the ones presented with fair value are carried at cost less impairment, if any. For the subsidiaries having fair value, fair value shows the portion belonging to Ziraat Bank.
- (2) The amounts shown in the interest income column of Ziraat Katılım Bankası include profit share income.
- (3) Information on Ziraat Katılım Bankası A.Ş. has been provided from limited reviewed financial statements as of 31 December 2019, the prior period profit/loss balances have been provided from limited reviewed financial statements as of 31 December 2018. Information on other subsidiaries shown in the table above has been provided from limited reviewed financial statements as of 31 March 2020, the prior period profit/loss balances have been provided from limited reviewed financial statements as of 31 March 2019.

Information on consolidated subsidiaries

(reflects the values of the Parent Bank)

	Current Period	Prior Period
Balance at the Beginning of the Period	7.335.025	7.394.408
Movements During the Period	170.360	(59.383)
Additions to Scope of Consolidation	-	-
Purchases ⁽¹⁾	-	106.806
Bonus Shares Obtained	-	2.065
Dividends from current year income	-	-
Sales	-	-
Revaluation Increase ⁽²⁾	170.360	325.990
Impairment Provision (-)	-	364.273
Transfer (-)	-	129.971
Balance at the End of the Period	7.505.385	7.335.025
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

- (1) Paid Capital Increases are classified under “Purchases” account.
- (2) Includes changes arising from conversion of subsidiaries, whose capitals are paid in Euro amounts, into TL at period end currency rate.
- (3) Non-financial subsidiaries are not included.

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

10. Information on Subsidiaries (Net) (Continued)

10.3. Sectoral Information on Consolidated Financial Subsidiaries And The Related Carrying Amounts:

	Current Period	Prior Period
Banks	5.349.255	5.178.895
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	2.156.130	2.156.130

10.4. Subsidiaries Quoted to A Stock Exchange:

None (31 December 2019: None).

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

Entities under Common Control (Joint Ventures) ⁽¹⁾	Parent Bank's Share (%)	Group's Share (%)	Current Assets	Non-Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	50,00	50,00	6.307.500	16.509	6.802	31.882	15.054

(1) Information on entity under joint control is provided from the unaudited financial statements as of 31 March 2020.

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

12. Information on Lease Receivables

Information on receivables from financial leasing transactions

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	400.919	387.621	71.065	70.080
1-5 Years	3.383.334	2.872.832	3.623.740	3.100.581
More than 5 Years	859.386	619.725	860.343	498.090
Total	4.643.639	3.880.178	4.555.148	3.668.751

13. Information on Derivative Financial Assets for Hedging Purposes

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

14. Information on Investment Property

None.

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

15. Information on non-currents assets or disposal groups "held for sale" and "from discontinued operations"

The assets held for sale are composed of immovables acquired due to consumer, commercial and agricultural loans and immovables for which has no necessity of usage exists by the Parent Bank. Those immovables considered for sales are announced at the web site of the Parent Bank.

The Group's immovables acquired amount to TL 6.030.785 (31 December 2019: TL 4.584.056) consisting of TL 16.539 (31 December 2019 TL 18.767) due to consumer loans, TL 6.204.102 (31 December 2019 TL 4.753.593) on its commercial loans and TL156.778 (31 December 2019 TL 150.770) on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL 1.739 (31 December 2019 TL 2.390)

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

Explanations	Total Assets	Shareholders' Equity	Total Non-Current Assets	Interest Income	Income from Marketable Securities	Current Period Profit / Loss	Prior Period Profit / Loss
Ziraat Hayat ve Emeklilik A.Ş.	3.289.020	1.430.929	6.130	67.485	4.710	188.554	180.988
Ziraat Sigorta A.Ş.	2.194.897	868.290	9.190	38.636	-	108.896	71.618

⁽¹⁾ Information on other subsidiaries shown in the table above has been provided from unaudited financial statements as of 31 March 2020, the prior period profit/loss balances have been provided from audited financial statements as of 31 March 2019.

16. Information on Tangible Assets

	Immovables	Immovables with Right of Use	Movables	Movables with Right of Use	Operational Leasing Development Costs	Other Tangibles	Total
Prior Period End							
Cost	7.431.539	838.292	1.449.848	154.582	312.609	-	10.186.870
Accumulated Depreciation (-)	971.237	118.561	991.585	49.935	263.207	-	2.394.525
Impairment (-)	3.429	-	618	-	-	-	4.047
Net Book Value	6.456.873	719.731	457.645	104.647	49.402	-	7.788.298
Current Period End							
Net Book Value at the Beginning of the Period	6.456.873	719.731	457.645	104.647	49.402	-	7.788.298
Change During the Period (Net)	17.829	40.506	4.286	57.503	(1.112)	-	119.012
- Cost	9.605	59.625	41.266	63.864	4.982	-	179.342
- Depreciation – net (-)	(10.106)	19.119	36.909	6.361	6.094	-	58.377
- Impairment (-)	1.882	-	71	-	-	-	1.953
Net Currency Translation from Foreign Subsidiaries	4.624	10.542	(4.109)	79	753	-	11.889
Cost at Period End	7.445.768	908.459	1.487.005	218.525	318.344	-	10.378.101
Accumulated Depreciation at Period End (-)	961.131	137.680	1.028.494	56.296	269.301	-	2.452.902
Impairment (-)	5.311	-	689	-	-	-	6.000
Closing Net Book Value	6.479.326	770.779	457.822	162.229	49.043	-	7.919.199

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

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

None.

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

None.

19. Information on Expected Credit Loss for Financial Assets

	Current Period	Prior Period
Cash and Balances at Central Bank	1.715	1.784
Banks and Money Markets	5.863	4.884
Financial Assets Measured at Amortized Cost	3.070	2.849
Other	82.887	36.563
Total	93.535	46.080

20. Information on Other Assets

As of 31 March 2020, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES

1. Information on Deposits:

1.1 Information on Maturity Structure of Deposits

Current Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	43.434.284	-	5.876.228	74.136.495	24.220.980	2.509.022	8.668.967	211.298	159.057.274
Foreign Currency Deposits	59.282.499	-	14.431.913	74.115.796	12.820.994	10.336.559	35.041.975	6.990	206.036.726
Residents in Turkey	47.814.445	-	12.799.542	62.366.462	8.008.548	3.727.737	11.403.285	5.483	146.125.502
Residents Abroad	11.468.054	-	1.632.371	11.749.334	4.812.446	6.608.822	23.638.690	1.507	59.911.224
Public Sector Deposits	10.926.329	-	10.983.317	6.391.552	863.161	2.010.296	64.166	-	31.238.821
Commercial Deposits	14.267.110	-	18.630.674	17.331.151	1.025.478	4.663.657	752.953	-	56.671.023
Other Institutions Deposits	2.099.868	-	2.947.397	6.950.749	3.582.064	1.452.440	283.659	-	17.316.177
Precious Metals Deposit	18.124.477	-	262.168	3.313.401	387.306	255.572	208.971	-	22.551.895
Interbank Deposits	3.135.032	-	18.675.240	6.572.923	2.836.071	1.389.174	91.353	-	32.699.793
The CBRT	3.535	-	-	-	-	-	-	-	3.535
Domestic Banks	263.648	-	18.197.814	88.904	63.679	2.088	131	-	18.616.264
Foreign Banks	2.623.345	-	477.426	5.750.927	2.463.722	1.001.248	91.222	-	12.407.890
Participation Banks	244.504	-	-	733.092	308.670	385.838	-	-	1.672.104
Other	-	-	-	-	-	-	-	-	-
Total	151.269.599	-	71.806.937	188.812.067	45.736.054	22.616.720	45.112.044	218.288	525.571.709

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

1. Information on Deposits/Funds Collected: (Continued)

Prior Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	35.946.421	-	4.864.170	72.544.510	24.755.635	2.637.794	8.479.585	209.613	149.437.728
Foreign Currency Deposits	52.063.043	-	18.175.259	66.037.955	11.708.393	9.517.472	33.335.193	6.056	190.843.371
Residents in Turkey	41.780.061	-	16.810.247	54.930.745	7.372.052	4.039.827	10.453.621	4.746	135.391.299
Residents Abroad	10.282.982	-	1.365.012	11.107.210	4.336.341	5.477.645	22.881.572	1.310	55.452.072
Public Sector Deposits	10.526.687	-	5.339.736	6.184.135	730.143	1.839.551	63.037	-	24.683.289
Commercial Deposits	12.812.698	-	14.340.380	18.228.963	968.606	3.254.094	2.072.099	-	51.676.840
Other Institutions Deposits	2.262.330	-	2.228.721	6.252.734	3.733.631	459.868	384.466	-	15.321.750
Precious Metals Deposit	13.371.268	-	150.419	2.424.888	237.388	148.961	151.996	-	16.484.920
Interbank Deposits	3.205.124	-	18.063.433	5.064.292	3.851.471	764.408	531.900	-	31.480.628
The CBRT	2.389	-	-	-	-	-	-	-	2.389
Domestic Banks	304.149	-	17.620.986	250.734	120.458	2.130	-	-	18.298.457
Foreign Banks	2.255.836	-	442.447	4.168.269	3.459.312	762.278	531.900	-	11.620.042
Participation Banks	642.750	-	-	645.289	271.701	-	-	-	1.559.740
Other	-	-	-	-	-	-	-	-	-
Total	130.187.571	-	63.162.118	176.737.477	45.985.267	18.622.148	45.018.276	215.669	479.928.526

1.2. Information on saving deposits insurance:

	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits ⁽¹⁾	107.729.173	101.143.825	51.078.319	47.737.037
Foreign Currency Saving Deposits ⁽¹⁾	66.562.146	62.267.214	92.932.145	80.692.915
Other Deposits in the form of Saving Deposits	-	-	-	-
Foreign Branches' Deposits under Foreign Authority Insurance ⁽²⁾	1.538.048	1.381.203	263.140	263.633
Off-Shore Banking Regions' under Foreign Authorities' Insurance	-	-	-	-

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

(2) In Bulgaria and Greece, since both real person and legal entity's saving deposits are under the guarantee of insurance and since such balances included in insurance limit are calculated by the system, the legal entity saving deposits amounting to TL 258.268 and TL 15.277 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2019: TL 227.092 and TL 16.176).

Based on the Council of Minister's decree dated 29 December 2003 and numbered 2003/6668, TL 535 (31 December 2019) of demand deposits is not included in the above calculation, since the Bank paid the saving deposits amount attributable to T. İmar Bank T.A.Ş.

Savings Deposit Insurance Fund premiums are calculated based on deposit amount attributable to real persons in domestic branches of the Banks. As total of capital amount and interest expense accruals of saving deposits up to TL 150 attributable to a real person is covered by the insurance, TL 1.606.432 (31 December 2019: TL 1.553.917) of interest expense accrual is included in the above-mentioned figures in accordance with the Communiqué on Insurance Deposits and Participation Funds and Premiums Collected by the Savings Deposit Insurance Fund published in the Official Gazette dated 15 February 2013 and numbered 28560.

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

1. Information on Deposits/Funds Collected: (Continued)

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

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

1.4. Saving deposits of real persons which are not under the guarantee of saving deposit insurance fund:

	Current Period	Prior Period
Deposits and other Accounts in Branches Abroad	56.953	39.051
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	25.404	21.718
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. Information on trading derivative financial liabilities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	200.257	-	128.438	7.475
Swap Transactions	223.573	3.240.819	408.117	1.108.163
Futures Transactions	-	-	-	-
Options	-	-	-	8
Other	-	-	-	-
Total	423.830	3.240.819	536.555	1.115.646

3. Information on borrowings:

3.1. Information on Banks and Other Financial Institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	-	-	-	-
Domestic Banks and Institutions	1.382.414	4.843.547	1.294.374	4.437.534
Foreign Banks, Institutions and Funds	375.108	29.245.284	373.530	28.152.999
Total	1.757.522	34.088.831	1.667.904	32.590.533

3.2. Information on Maturity Structure of Borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	1.381.493	1.484.472	1.291.741	1.598.501
Medium and Long-Term	376.029	32.604.359	376.163	30.992.032
Total	1.757.522	34.088.831	1.667.904	32.590.533

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

3. Information on borrowings: (Continued)

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

70,49% of the Group’s total liabilities and shareholders’ equity consist of deposits. Deposits have a diversified base and have steady structures. The Group’s liabilities are not subject to a significant concentration risk.

4. Information on Funds Supplied from Repurchase Agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Transactions	28.245.953	-	28.821.018	-
Financial Institutions and Organizations	28.145.834	-	28.198.716	-
Other Institutions and Organizations	92.580	-	615.654	-
Real Person	7.539	-	6.648	-
From Overseas Operations	-	21.461.425	-	20.473.527
Financial Institutions and Organizations	-	21.461.425	-	20.473.527
Other Institutions and Organizations	-	-	-	-
Real Person	-	-	-	-
Total	28.245.953	21.461.425	28.821.018	20.473.527

5. Information on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bills	2.570.553	291.352	2.267.540	279.678
Asset-Backed Securities	2.741.545	-	2.482.999	-
Treasury Bonds	1.010.690	10.569.675	1.010.690	9.552.214
Total	6.322.788	10.861.027	5.761.229	9.831.892

6. Information on Other Foreign Liabilities

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

7. Information on Finance Lease Liabilities (Net)

Information on finance lease liabilities represented in the table below:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	34.068	23.200	28.164	16.809
Between 1-4 Years	650.587	381.119	593.973	325.022
More than 4 Years	870.232	487.084	806.579	430.844
Total	1.554.887	891.403	1.428.716	772.675

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Information on the hedging derivative financial liabilities:

There are no hedging derivative financial liabilities.

9. Information on Provisions:

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

There is no foreign exchange loss provisions on foreign currency indexed loans and finance lease receivables (31 December 2019: None).

9.2. Liabilities on Reserve for Employee Termination Benefits

9.2.1. Severance Pay and Unused Vacation Rights

The Group accounts for its vacation and retirement pay obligations in accordance with the TAS 19 “Employee Benefits”. The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 31 March 2020, unpaid vacation liability amounted to TL 327.506 and employment termination amounted to TL 1.127.757 are presented under the “Employee Benefits Provision” in the financial statements (31 December 2019: unpaid vacation liability amounted to TL 275.049, and employment termination amounted to TL 1.052.901 are presented under the “Employee Benefits Provision” in the financial statements).

9.3. Information on Other Provisions

These financial statements include a free provision amounting to TL 1.820.000 which consist of TL 910.000 provided in prior periods and TL 910.000 recognized in the current period by the Group management which is not within the requirements of BRS Accounting and Financial Reporting Legislation. Moreover, the provision of TL 37.000 and other provision of TL 158 exist for cash transfers made by Group officials. The Bank has provided provision amounting to TL 1.198.293 for possible losses arising from the off-balance sheet items. (31 December 2019: These financial statements include a free provision amounting to TL 910.000 which consist of TL 982.000 provided in prior periods and TL 50.000 recognized in the current period and TL 122.000 reversed in the current period by the Bank management which is not within the requirements of BRS Accounting and Financial Reporting Legislation. Moreover, the provision of TL 37.000 and other provision of TL 217 exist for cash transfers made by Bank officials. The Bank has provided provision amounting to TL 1.134.125 for possible losses arising from the off-balance sheet items in the current period).

Regarding the Bank’s lawsuit files, a total amount of TL 64.378 provision has been provided in financial statements for the lawsuits against the Bank which are not finalized yet. (31 December 2019: Based on the information provided by the legal department, TL 59.638 provision has been provided in financial statements for the lawsuits against the Bank which are not yet finalized).

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

10. Explanations on Tax Liability

10.1. Explanations on Current Tax Liability

10.1.1. Information on Taxes Payable

As of 31 March 2020, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 532.726 (As of 31 December 2019, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 1.034.189).

10.1.2. Information on Current Taxes Payable:

	Current Period	Prior Period
Corporate Tax Payable	532.726	1.034.189
Taxation on Marketable Securities	333.364	358.954
Property Tax	3.747	3.356
Banking Insurance Transaction Tax (BITT)	207.093	262.241
Foreign Exchange Transaction Tax	14.567	7.643
Value Added Tax Payable	30.612	15.377
Other	159.655	142.774
Total	1.281.764	1.824.534

10.1.3. Information on Premium Payables:

	Current Period	Prior Period
Social Security Premiums – Employee	68	56
Social Security Premiums – Employer	82	76
Bank Social Aid Pension Fund Premium - Employee	33	15.201
Bank Social Aid Pension Fund Premium - Employer	88	22.271
Pension Fund Membership Fees and Provisions - Employee	1	1
Pension Fund Membership Fees and Provisions - Employer	2	1
Unemployment Insurance – Employee	1.341	1.180
Unemployment Insurance - Employer	2.682	2.360
Other	-	-
Total	4.297	41.146

10.2. Information on Deferred Tax Liabilities, if any

The Group has 34.852 TL deferred tax liability. (31 December 2019: TL 39.172)

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

11. Information on Liabilities Related to Non-Current Assets "Held For Sale" And "Held From Discontinued Operations"

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

12. Information on Subordinated Loan:

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments subject to common equity	-	11.091.006	-	10.103.295
Subordinated loans	-	589.730	-	537.338
Subordinated debt instruments	-	10.501.276	-	9.565.957
Debt instruments subject to tier 2 equity	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Total	-	11.091.006	-	10.103.295

(*) Subordinated loans are explained in detail in the Note "Information on debt instruments included in the calculation of equity" in Section Four.

13. Information on Shareholders' Equity

13.1. Presentation of Paid-In Capital:

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

13.2. Amount Of Paid-In-Capital, Explanations as to Whether The Registered Share Capital System Is Applied, If So The Amount Of Registered Share Capital Ceiling:

The Parent Bank does not have a registered capital system.

13.3. Capital Increases And Sources In The Current Period And Other Information Based on Increased Capital Shares:

There are no capital increases in the current period

13.4. Information On Share Capital Increases From Capital Reserves During The Current Period:

There is no share capital amount included in capital.

13.5. Information On Capital Commitments, The Purpose And The Sources Until The End Of The Fiscal Year And The "Subsequent Interim Period:

The Parent Bank has no capital commitments.

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

13. Information on Shareholders’ Equity (Continued)

13.6. The Effects of Anticipations Based on The Financial Figures For Prior Periods Regarding The Group’s Income, Profitability And Liquidity, And Possible Effects Of These Future Assumptions On The Group’s Equity Due To Uncertainties At These Indicators:

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

13.7. Information on Privileges Given to Shares Representing The Capital:

The Parent Bank has no preferred shares.

13.8. Information on Marketable Securities Value Increase Fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Subsidiaries, Associates and Entities under Common Control	88	(2.046)	88	(2.046)
Valuation Difference	4.326.237	(6.168.564)	3.613.096	(1.160.750)
Foreign Currency Differences	2.008.638	19	2.008.638	14
Total	6.334.963	(6.170.591)	5.621.822	(1.162.782)

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

1. Explanations on Off-Balance Sheet Commitments:

1.1. Nature and Amount of Irrevocable Loan Commitments

	Current Period	Prior Period
Asset Purchase Commitments	19.640.999	13.705.480
Subsidiaries and Associates Capital Contribution Commitments	6.450	7.500
Loan Granting Commitments	13.040.546	11.875.717
Commitments for Cheques Payments	4.327.735	3.852.943
Commitments for Credit Card Expenditure Limits	25.335.269	24.245.305
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	41.441	36.161
Tax and Fund Liabilities from Export Commitments	12.485	11.509
Other Irrevocable Commitments	15.625.180	14.103.945
Total	78.030.105	67.838.560

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

The Group has provided provision amounting to TL 1.198.293 for possible losses arising from the off-balance sheet items in the current period. (31 December 2019: TL 1.134.125).

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

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

1. Explanations on off-balance sheet commitments: (Continued)

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

	Current Period	Prior Period
Letters of Guarantee	108.636.338	101.167.423
Letters of Credit	22.199.628	20.393.036
Bank Acceptances	8.584.116	8.221.510
Endorsements	1.228.387	969.507
Factoring Guarantees	-	-
Other Guarantees	1.439.694	939.474
Other Collateral	9.063	5.210
Total	142.097.226	131.696.160

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

	Current Period	Prior Period
Letters of Certain Guarantees	79.062.866	72.268.479
Letters of Advance Guarantees	17.337.846	15.942.982
Letters of Temporary Guarantees	3.419.119	3.228.559
Letters of Guarantees Given to Customs Offices	1.713.422	1.631.521
Other Letters of Guarantees	7.103.085	8.095.882
Total	108.636.338	101.167.423

1.3. Explanations on Non-Cash Loans

1.3.1. Total Non-Cash Loans

	Current Period	Prior Period
Non-Cash Loans for Providing Cash Loans	3.908.336	4.038.263
With Original Maturity of One Year or Less	233.531	244.688
With Original Maturity of More than One Year	3.674.805	3.793.575
Other Non-Cash Loans	138.188.890	127.657.897
Total	142.097.226	131.696.160

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

1. Information on Interest Income

1.1. Information on Interest Income on Loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans ⁽¹⁾	11.123.277	2.249.369	10.733.399	2.241.095
Short Term Loans	2.513.327	178.798	3.484.468	231.859
Medium and Long Term Loans	8.333.046	2.069.243	7.070.783	2.006.474
Interest on Loans Under Follow-Up	276.904	1.328	178.148	2.762
Premiums Received from the Resource	-	-	-	-

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

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

1. Information on Interest Income (Continued)

1.2. Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Central Bank of the Republic of Turkey	-	-	33.736	-
From Domestic Banks	1.473	3.983	150.233	740
From Foreign Banks	8.636	16.339	7.547	18.044
From Headquarters and Branches Abroad	-	-	-	-
Total	10.109	20.322	191.516	18.784

1.3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Fair Value Through Profit or Loss	20.140	8.393	1.186	1.995
Fair Value Through Other Comprehensive Income	2.492.513	583.236	2.424.222	379.791
Financial Assets Measured at Amortized Cost	151.777	187.038	246.182	88.653
Total	2.664.430	778.667	2.671.590	470.439

1.4. Information on interest income received from associates and subsidiaries:

	Cari Dönem	Önceki Dönem
Interest Income from Subsidiaries and Associates	2.729	-

2. Information on interest expense:

2.1. Information on Interest Expense on Borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	86.495	271.432	80.201	314.419
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	62.510	43.483	46.765	58.880
Foreign Banks	23.985	227.949	33.436	255.539
From Headquarters and Branches Abroad	-	-	-	-
Other Institutions	12.285	8.746	91.772	10.079
Total	98.780	280.178	171.973	324.498

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

2.2. Information on Interest Expenses Given to Subsidiaries and Associates

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	289	493

2.3. Information on Interest Given on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense on securities issued	174.411	262.602	127.197	159.895

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

2. Information on Interest Expense (Continued)

2.4. Maturity structure of the interest expense on deposits:

Current Period	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year		
TL								
Bank Deposit	-	388.825	1.389	-	81	-	-	390.295
Saving Deposit	-	114.657	1.750.092	707.231	69.290	309.097	6.415	2.956.782
Public Sector Deposit	205	203.091	113.491	16.592	95.298	2.059	-	430.736
Commercial Deposit	20	312.306	338.360	19.365	141.104	16.215	-	827.370
Other Deposit	-	44.449	125.249	63.784	28.733	8.718	-	270.933
Deposit with 7 Days Notifications	-	-	-	-	-	-	-	-
Total	225	1.063.328	2.328.581	806.972	334.506	336.089	6.415	4.876.116
FC								
Foreign Currency Deposit	273	33.296	171.387	22.301	41.340	99.915	3	368.515
Bank Deposit	3	6.657	5.197	2.121	1.429	772	-	16.179
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	778	2.618	306	429	309	-	4.440
Total	276	40.731	179.202	24.728	43.198	100.996	3	389.134
Grand Total	501	1.104.059	2.507.783	831.700	377.704	437.085	6.418	5.265.250

Prior Period	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year		
TL								
Bank Deposit	-	694.602	2.127	368	129	125	-	697.351
Saving Deposit	378	108.276	3.367.320	349.315	146.629	176.300	1.622	4.149.840
Public Sector Deposit	241	187.625	204.007	43.545	104.874	5.794	-	546.086
Commercial Deposit	929	275.838	441.209	32.163	165.667	7.946	-	923.752
Other Deposit	10	48.622	190.274	154.938	49.532	22.359	-	465.735
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	1.558	1.314.963	4.204.937	580.329	466.831	212.524	1.622	6.782.764
FC								
Foreign Currency Deposit	662	76.057	344.501	40.734	42.864	128.069	-	632.887
Bank Deposit	7	47.318	4.323	1.972	2.610	2.231	-	58.461
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	1.735	1.894	208	107	144	-	4.088
Total	669	125.110	350.718	42.914	45.581	130.444	-	695.436
Grand Total	2.227	1.440.073	4.555.655	623.243	512.412	342.968	1.622	7.478.200

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

3. Information on Trading Profit/Loss (Net)

	Current Period	Prior Period
Profit	37.424.567	23.669.916
Profit from the Capital Market Transactions	946.330	5.901
Profit on Derivative Financial Instruments	3.031.167	1.567.920
Foreign Exchange Gains	33.447.070	22.096.095
Loss (-)	39.552.617	25.079.985
Loss from the Capital Market Transactions	3.563	4.226
Loss on Derivative Financial Instruments	4.535.552	3.227.354
Foreign Exchange Loss	35.013.502	21.848.405

4. Information on Other Operating Income

Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 623.573 and income from sales of assets amounting to TL 52.710 (31 March 2019: A significant portion of other operating income consists of revenues of TL 455,122, revenues from assets of TL 18,590, and revenues from insurance activities amounting to TL 633.609, resulting from cancellations from previous periods.)

5. Expected Loss Provision Expenses and Other Provision Loss

	Current Period	Prior Period
Expected Credit Loss	2.085.617	1.220.725
12 month expected credit loss (stage 1)	218.963	104.789
Significant increase in credit risk (stage 2)	399.684	264.932
Non-Performing loans (stage 3)	1.466.970	851.004
Marketable Securities Impairment Expense	2.553	540
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	2.553	540
Subsidiaries, Associates and Joint Ventures Provision Expenses for Impairment	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other ^(*)	940.859	206.170
Total	3.029.029	1.427.435

^(*)Includes free provision expense amounting to TL 910.000 in the current period.(31 March 2019:None).(Note II.9.3of Section Five)

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

6. Information Related to Other Operating Expenses:

	Current Period	Prior Period
Reserve for Employee Termination Benefits	74.347	49.930
Bank Social Aid Fund Deficit Provision	-	-
Tangible Fixed Assets Impairment Expense	-	-
Depreciation Expenses of Tangible Fixed Assets	111.726	103.818
Intangible Assets Impairment Expense	-	678
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	35.500	35.003
Impairment Expense of Equity Shares for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Resale	-	-
Depreciation Expenses of Assets Held for Resale	-	-
Impairment Expenses of Property, Plant and Equipment Held for Sale and Discontinuing Operations	-	-
Other Operating Expenses	942.495	924.647
Leasing Expenses on TFRS 16 Exceptions	20.555	43.220
Maintenance Expenses	35.183	24.537
Advertisement Expenses	59.260	49.721
Other Expenses	827.497	807.169
Loss on Sales of Assets	1.031	476
Other ⁽¹⁾	995.931	906.442
Total	2.161.030	2.020.994

⁽¹⁾ TL 301.148 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 250.274 consists of taxes, duties and charges expense (31 March 2019: TL 224.579 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 199.775 consists of taxes, duties and charges expense).

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

The Bank does not have any discontinuing operations. The compositions of the profit/loss before tax from the continuing operations are following:

	Current Period	Prior Period
Net Interest Income	9.571.329	5.559.788
Net Fees and Commissions Income	753.070	821.681
Other Operating Income	853.177	1.260.658
Dividend Income	1.071	10.072
Trading Profit/Loss (Net)	(2.128.050)	(1.410.069)
Personnel Expenses (-)	1.074.705	933.667
Allowances for Expected Credit Losses (-)	2.085.617	1.220.725
Other Provision Expenses (-)	943.412	206.710
Other Operating Expenses (-)	2.161.030	1.816.899
Profit/Loss from Subsidiaries Consolidated with Equity Pick-up	10.417	13.180
Profit / (Loss) From Continuing Operations	2.796.250	2.077.309

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

8. Information On Tax Provision Of Continued And Discontinued Operations:

As of March 31, 2020, TL 830.417 of the Group's tax provision expense consists of TL 552.699 of current tax expense and TL 277.718 of deferred tax expense (As of 31 March 2019, TL 451.116 of the Group's's total tax provision expense consists of amounting to TL 622.041 current tax expense while remaining balances amounting to TL 170.925 consists of deferred tax income).

9. Explanation On Current Period Net Profit And Loss Of Continued And Discontinued Operations:

The Group's net operating income after tax amounts to TL 1.965.833 (31 March 2019: TL 1.626.193) and net profit from sales and discontinued operations for sale is TL 490.668 (31 March 2019: None)

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 Parent Bank in the Current Period

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

10.2. The Effect of the Change in Accounting Estimates to the Net Profit/Loss; Including the Effects to the Future Period, if any

As of the balance sheet date, there is no change in accounting estimates that may require further explanations in the current period

11. If Other Items in the Profit or Loss Statement Exceed 10% of the Profit or Loss Statement Total, Sub-Accounts Constituting At Least 20% of These Items are Shown Below

The “Other” statement under the “Fees and Commission Income” in the Profit or Loss Statement mainly consists of commissions received from credit card and fees and commissions received from banking transactions.

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

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

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Current Period						
Loans						
Opening Balance	115.055	87.555	-	-	-	-
Closing Balance	164.236	39.818	-	-	-	-
Interest and Commissions Income	2.729	115	-	-	-	-

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Prior Period						
Loans						
Opening Balance	-	45.815	-	-	-	-
Closing Balance	115.055	87.555	-	-	-	-
Interest and Commissions Income ⁽¹⁾	-	-	-	-	-	-

⁽¹⁾ Interest and Commission Income received prior period balance shows the amount as of 31 March 2019.

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

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Opening Balance	109.004	27.657	-	-	-	-
Closing Balance	51.176	109.004	-	-	-	-
Interest Expense on Deposits ⁽¹⁾	289	493	-	-	-	-

⁽¹⁾ Interest expense on deposit prior period balance shows the amount as of 31 March 2019.

3. Information on Forward and Option Agreements and Other Similar Agreements Made with the Parent Bank’s Risk Group:

None. (31 December 2019: None)

4. Information Regarding Benefits Provided to the Parent Bank’s Key Management:

Fees paid to The Group’s key management amount to TL 10.359 (31 March 2019: TL 7.588).

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VI EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

For the purpose of transfer of shares belonging to the Parent Bank representing 99.97% of the capital of Ziraat Sigorta A.Ş. and shares representing 99.97% of the capital of Ziraat Hayat ve Emeklilik A.Ş., TVF Financial Investments and seller As of April 22, 2020, a share transfer agreement was signed between the Bank, Ziraat Katılım Bank A.Ş., Ziraat Teknoloji A.Ş. and Ziraat Yatırım Menkul Değerler A.Ş. and the share transfers were completed as of the same date.

Accordingly, the price to be paid to the Bank for the shares of Ziraat Sigorta A.Ş. is determined as TL 18,63 (in TL full) per share, and the total sales price is TL 931.220.550,00 (in TL full). The sale price was paid in full by a special government debt securities. The price to be paid to the Bank for the shares of Ziraat Hayat ve Emeklilik A.Ş. is determined as TL 23,00 (in TL full) per share and the total sales price is TL 1.839.448.000,00 (in TL full). The sale price was paid in full by a special government debt securities. These transactions result in Turkey Wealth Fund Financial Investments, Ziraat Sigorta A.Ş.’ share in the capital of 100% and Ziraat Hayat ve Emeklilik A.Ş. share in the capital has risen to 100%.

The Parent Bank’s capital has been decided to increase by TL 7.000.000 to TL 13.100.000, all of which will be paid in cash by Turkey Wealth Fund, and the process for this capital increase in progress.

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SECTION SIX

I. EXPLANATIONS ON AUDIT REPORT

As of 31 March 2020, consolidated financial statements and explanatory notes of the Parent Bank disclosed herein were reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and Auditors’ Report dated 15 May 2020 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

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SECTION SEVEN

EXPLANATION ON INTERIM ACTIVITY REPORT

I. Assessment of Chairman

The first quarter of 2020 began with positive expectations, however was ended up as a period in which uncertainties and global recession concerns caused by the coronavirus epidemic increased. Global central banks and governments have implemented monetary and fiscal policies by taking fast, effective and coordinated action to minimize the negative effects of the epidemic. The leading global central banks supported their economies in this process with interest rate cuts, unlimited bond purchases and swap regulations. Within this scope, financial authorities have implemented expansionary policies to mitigate the reflection of the epidemic on the labor market and the real sector.

It was observed that the severity of the coronavirus epidemic increased and the national healthcare systems of the countries that became the center of the epidemic gave serious examination. After the outbreak emerged in China in December, Turkey has taken that quick decisions and strict measures to fight the coronavirus to prevent the spread of the epidemic from the first moment and has been one of the model country who successfully managing the process. It was observed that Spain, Italy and the USA had significant weaknesses in the healthcare system.

Turkey has made a positive start to 2020 with gains made on inflation and the current account balance in 2019. Turkey presents a strong view of the economy in January and February, momentum of the economy began weakening due to the outbreak since mid-March. The government, CBRT, BRSA and other public institutions and organizations have taken steps to support the financial system, the real sector and employment in order to limit the reflection of the epidemic on the economy. As the downside risks in inflation became evident, the CBRT cut interest rates of 200 basis points in total in March and April to support economic activity. As a result of the contribution of contractionary fiscal policies in the previous periods, the movement area on the budget side has also been used in a measured manner.

After a strong growth in the first quarter, economic activity is expected to decline significantly in the second quarter. Since second half of the year normalization of life in a gradually manner expected to be seen due to Turkey's dynamic structure, the measures taken and implemented incentives rapid recovery trend. Although a decline in tourism and export revenues is expected, oil prices, which have historically decreased, are considered to have a positive effect on inflation and current account balance.

In 2020, the banking sector started with a faster loan increase compared to last year. The first quarter, FX loans decreased, excluding the exchange rate effect. TL loans, which grew by 5% in the first quarter of last year, grew by more than 9% in the first quarter of this year. Although mostly public banks are predominant, it has been a positive development for private banks to contribute more to TL loan growth compared to previous years. The end of the quarter, as the impact of the epidemic developments began to be felt more, a high acceleration was achieved in loans in April, and this acceleration was originated from public banks.

As in previous years, Ziraat Bank continues its activities with the aim of transferring the resources it provides to areas that will contribute the most to the national economy. In the first quarter, while financing needs were afforded with favorable conditions with the loan products designed for the real sector and especially for SMEs, As the impact of the epidemic began to be felt more in the economy, financing support was significantly increased for the stability of our economy, with lower interest rates with long maturities to overcome the problems of the real sector and individuals. As the leading bank and moral bank of our country, a high amount of support has been provided with new products and such as postponing credit payments, configuration and limit increases. In this extraordinary period that we are going through, Ziraat Bank continues to be a solution to the problems, to support the economy to function effectively, to work actively and effectively as one of the most important assets of our country.

Dr. Ahmet GENÇ
Chairman of the board

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EXPLANATION ON INTERIM ACTIVITY REPORT

II. Assessment of General Manager

The banking sector made a very positive start to 2020. With the nominal interest rates in the downward trend and a faster loan growth compared to last year, the first quarter of the year ended resulted well for the sector. However, with the epidemic that was globally effective in the last quarter of the year end and accelerated in our country, expectations for the rest of the year have changed negatively to some extent. Although the second quarter of the year is expected to result in a negative outcome, there is an expectation of a rapid recovery in the economy in the second half of the year with the measures taken by the authorities and the practices of economic management.

It is known that our banks have experience of crisis management in such periods even though there is an unusual and different period from previous crises. With the packages announced, the Government, related institutions and organizations have made important contributions in meeting the needs in every aspect. Although public banks are predominant, banks have increased their financing support to all segments affected by the negative impacts of the epidemic in this period. Supporting the degraded cash flow of the real sector has been supported through applications such as using loans with more favorable interest rates and maturities, structuring, giving grace periods and postponing payments. These practices will help the real sector to continue its activities and the economy will return to normal in the next periods.

Ziraat Bank continues to grow with credit and to increase its financial support to the real sector. Our total cash loans, which grew by approximately 18% in the last year, grew by more than 7% in the first quarter of this year. As in the sector, while our FX loans decreased except for the exchange rate effect, our growth in TL loans was 9%. This corresponds to an annual growth rate of up to 40%.

As Ziraat Bank, we have achieved a significant increase in loans in the first quarter and we have significantly increased our financing rate during the epidemic that accelerated at the end of the quarter. In order to sustain the activities of the real sector, production and employment, and to accelerate the economy, we increased our momentum especially in April.

By the end of March, our cash loans' balance reached 481 billion TL and our total loans' balance, including non-cash loans, reached 610 billion TL. Our share of the sector in TL loans has reached approximately 20%.

While continuing to support the real sector, we attach importance to the financing of SMEs, which are an important element of our economy, with appropriate maturities and interest rates. We continued our financing support in the first quarter with loan products such as Employment Focused Business Loan, Momentum Financing Package, value loans for shoes, textiles and ready-to-wear, KOSGEB SME Financing Support Program. We provided appropriate financial support to those affected by the earthquake in Elazig and Malatya.

In order to support our corporate customers, who are negatively affected by the outbreak, we have put CGF backed Business Continuity Support Loans and Cheque Payment Support Package into practice in early April. With these suitable products, we have provided significant financial support in a very short time. We also launched the Consumer Basic Needs Support Loan product for our individual customers, who were negatively affected by the outbreak, in early April, and provided significant financial support to individuals with this product.

We started making new term promotional payments for our retirees.

In order to prevent the spread of the epidemic, we have facilitated and improved our customers' transactions through our internet branch, Ziraat Mobil, Call Center and ATMs. In addition to the operational measures necessary for our branches and ATMs to meet the intensive transaction volume effectively, we have meticulously implemented the protective measures necessary to protect the health of our customers and employees, which we consider as our most important assets. Our ATM network reaching 7.257, active mobile banking reaching 10 million and the number of active internet banking users exceeding 2 million helped manage the density in a healthy way in this extraordinary period.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2020

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

EXPLANATION ON INTERIM ACTIVITY REPORT

II. Assessment of General Manager (Continued)

While increasing the deposits, which is our main funding source, we attached importance to maintaining its widespread structure on the base and not to put interest pressure on the market. We continued to provide funds from abroad as well as domestically. Despite the negative effects of the epidemic in early April, we achieved a syndication loan of 1.1 billion USD with the participation of 38 banks from 22 countries at a more affordable cost than last year. Besides the syndication loan, the FX source provided from the international money and capital markets, along with other products, amounts to 12 billion USD.

Ziraat Bank is the most established and largest financial group in our country with its branches and subsidiaries at home and abroad. Responsibility to be the morale bank of the country from its long history and as a leading bank, continues to provide the strongest financing support in every field our economy needs. It will also continue to increase this support to help overcome the negative outcomes caused by the outbreak and to recover more quickly in the coming period.

Hüseyin AYDIN
Member of the Board and CEO

III. Corporate Profile

Ziraat Bank, since its establishment in 1863, Turkey has gained a prominent place among the greatest promoters of all the actors in the economic cycle. Always alongside the farmers, the trader, the businessman, the entrepreneur, the retired and the employee, the Bank has always created value with its activities and has been the driving force of economic development.

Ziraat bank; It has a broad portfolio of domestic and international subsidiaries in banking, insurance, private pension, investment services, portfolio management, venture capital, real estate investment trusts and financial technologies. This strong structure reinforces the Bank's ability to provide integrated financial services. In Turkey, serving as the only bank in nearly 400 towns and villages and having the most extensive banking network in the country, Ziraat Bank is a regional power and an important global actor with 108 international service points in 18 countries.

Ziraat Bank takes its position as the strongest national bank to a higher level each year in a sector with intense competition and international capital. Bank; continues to shape the Turkish banking sector thanks to its rich product and service diversity, unrivaled market knowledge and experience, synergy with its subsidiaries, high level human resources and strong financial structure.

Ziraat bank; With its strong position, it reflects the growth potential offered by the financial markets to its performance in the most accurate way and carries out best practices in business processes.

IV. Shareholding Structure

The paid in capital of T.C. Ziraat Bank is TL 6.100.000.000 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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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2020**

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EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

V. Main Financial Indicators

ASSETS (TL Million)	31.03.2020	31.12.2019
Cash and Cash Equivalents	47.816	63.810
Securities Portfolio	152.312	133.592
Cash Loans (Gross)	519.889	480.959
Other Assets	25.547	15.360
Total Assets	745.564	693.721
LIABILITIES (TL Million)	31.03.2020	31.12.2019
Deposits	525.572	479.929
Non-deposits Resources	113.829	109.249
Other Liabilities	34.109	30.315
Shareholders' Equity	72.054	74.228
Total Liabilities	745.564	693.721
SUMMARY OF PROFIT OR LOSS TABLE (TL Million)	31.03.2020	31.03.2019
Net Interest Income	9.571	5.560
Net Fees and Commission Income	753	822
Other Operations Income	853	1.261
Other Operations Expense	2.161	1.817
Allowance for Expected Credit Losses	2.086	1.221
Net Profit/Losses	2.457	1.626
RATIOS (%)	31.03.2020	31.12.2019
Capital Adequacy Ratio	15,57	16,39
Equity / Total Assets	9,7	10,7
Cash Loans (Gross) / Total Assets	69,7	69,3
Loans under follow-up (Gross) / Total Loans	2,9	3,0
FC Assets / FC Liabilities	77,9	82,8
Liquid Assets / Total Assets	6,4	9,2