

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI
ANONİM ŞİRKETİ**

**CONSOLIDATED FINANCIAL STATEMENTS
AND RELATED DISCLOSURES AS OF 31 MARCH 2021
WITH AUDITORS' REVIEW REPORT**

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



AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

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

Introduction

We have reviewed the consolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi ("the Bank") and its consolidated subsidiaries (collectively referred to as "the Group") at 31 March 2021 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the 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 this interim financial information based on our review.

Scope of Review

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



Basis for the Qualified Conclusion

As mentioned in Section Five Part II. 9.3 of Explanations and Notes to the Consolidated Financial Statements; the accompanying consolidated financial statements as at 31 March 2021 include a free provision amounting to TL 3.505.000 thousand which provided in prior periods by the Group management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

Qualified Conclusion

Based on our review, except for the effects of the matter on the consolidated financial statements described in the basis for the qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial information does not present fairly in all material respects the consolidated financial position of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi and its consolidated subsidiaries at 31 March 2021 and the results of its consolidated financial performance and its consolidated cash flows for the three-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

Additional Paragraph for Convenience Translation:

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

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

Didem Demer Kaya, SMMM
Partner

Istanbul, 11 May 2021



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

**THE CONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 31 MARCH 2021**

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

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

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

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

DOMESTIC SUBSIDIARIES

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

FOREIGN SUBSIDIARIES

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

ASSOCIATES

Arap Türk Bankası A.Ş.

ENTITIES UNDER COMMON CONTROL

Turkmen Turkish Joint Stock Commercial Bank

The accompanying consolidated financial statements and notes to these financial statements for the 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.

Burhaneddin TANYERİ
Chairman of the Board

Alpaslan ÇAKAR
Member of the Board,
CEO

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

Mahmut KAÇAR
Member of the Board,
Member of the Audit Committee

Emrah GÜNDÜZ
Assistant General Manager for
Banking Operations and
Corporate Communications

Rehber BİRKAN
Senior Vice President of Financial
Coordination and Reporting

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021

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

SECTION ONE

GENERAL INFORMATION ABOUT THE PARENT BANK

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

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

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

The total share capital of the Parent Bank is TL 13.100.000. This capital is divided into 13.100.000.000 registered share with a nominal value of TL 1 each and is fully paid. The Parent Bank’s sole shareholder is the Turkish Wealth Fund.

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

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

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

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

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

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

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

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

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 2021

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

GENERAL INFORMATION ABOUT THE PARENT BANK (Continued)

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

Name/Trade Name	Amount of Share	Percentage of Share (%)	Paid-in Shares	Unpaid Shares
Turkish Wealth Fund	13.100.000	100	13.100.000	-

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

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

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

As of 31 March 2021, the Parent Bank carries its activities with a grand total of 1.752 branches; 1.728 domestic branches including 19 corporate branches, 65 entrepreneurial branches, 1.638 branches and 5 mobile branches (31 December 2020: 1.728 domestic branches including 1.639 branches, 19 corporate branches, 65 entrepreneurial branches, 5 mobile branches) and 24 branches abroad which are London branch in England, Baghdad and Arbil branches in Iraq, Athens, Komotini, and Xanthi branches in Greece, Sofia, Plovdiv, Kardzhali and Varna branches in Bulgaria, Jeddah branch in Saudi Arabia, Pristina, Prizren, Peja and Ferizaj branches in Kosovo, Bahrain branch in Bahrain, Lefkoşa, Girne, Güzelyurt, Gazimağusa, Gönyeli, Taşkömür, Karaoğlanoğlu and İskele branches in Turkish Republic of Northern Cyprus. The Parent Bank also has 1 representative office in Tehran, Iran.

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

As of 31 March 2021, the Group has 27.149 employees. (31 December 2020: 27.161).

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

According to Communiqué regarding the Preparation of the Consolidated Financial Statements and Turkish Accounting Standards, Arap Türk Bankası A.Ş., one of the associates of the Parent Bank, and Turkmen Turkish Joint Stock Commercial Bank, jointly controlled partnership of the Parent Bank, is accounted by using equity method in the consolidated financial statements of the Parent 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 2021**

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

GENERAL INFORMATION ABOUT THE PARENT BANK (Continued)

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

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

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. Consolidated Balance Sheet (Statement of Financial Position) - Assets
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- VII. Consolidated Statement of Cash Flows

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 MARCH 2021**

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

I- CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) ASSETS	Note (Section Five I)	Current Period 31 March 2021			Prior Period 31 December 2020		
		TL	FC	Total	TL	FC	Total
I- FINANCIAL ASSETS (NET)		116.145.243	226.571.258	342.716.501	121.644.985	190.978.231	312.623.216
1.1 Cash and Cash Equivalents		11.955.623	110.027.064	121.982.687	9.547.307	95.419.691	104.966.998
1.1.1. Cash and Balances with Central Bank	(1)	10.486.626	96.086.631	106.573.257	8.366.406	86.579.819	94.946.225
1.1.2. Banks	(4)	679.431	13.951.054	14.630.485	581.355	8.848.805	9.430.160
1.1.3. Money Market Receivables		793.799	-	793.799	603.790	-	603.790
1.1.4. Expected Loss Provision (-)		4.233	10.621	14.854	4.244	8.933	13.177
1.2 Financial Assets at Fair Value Through Profit or Loss	(2)	1.088.784	16.682.368	17.771.152	14.810.177	543.939	15.354.116
1.2.1. Government Debt Securities		49.290	16.092.157	16.141.447	13.782.465	9.300	13.791.765
1.2.2. Equity Instruments		15.857	582.509	598.366	16.486	527.069	543.555
1.2.3. Other Financial Assets		1.023.637	7.702	1.031.339	1.011.226	7.570	1.018.796
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(5),(6)	100.095.093	97.465.581	197.560.674	94.339.957	92.900.367	187.240.324
1.3.1. Government Debt Securities		95.493.075	95.430.480	190.923.555	89.811.384	91.006.417	180.817.801
1.3.2. Equity Instruments		260.199	34.161	294.360	242.135	31.702	273.837
1.3.3. Other Financial Assets		4.341.819	2.000.940	6.342.759	4.286.438	1.862.248	6.148.686
1.4 Derivative Financial Assets	(3)	3.005.743	2.396.245	5.401.988	2.947.544	2.114.234	5.061.778
1.4.1. Derivative Financial Assets at Fair Value Through Profit or Loss		3.005.743	2.396.245	5.401.988	2.947.544	2.114.234	5.061.778
1.4.2. Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		490.465.364	210.763.147	701.228.511	484.765.513	187.483.096	672.248.609
2.1 Loans	(7)	497.680.239	189.497.324	687.177.563	489.100.046	168.409.928	657.509.974
2.2 Lease Receivables	(12)	3.105.940	3.151.022	6.256.962	2.851.377	2.294.800	5.146.177
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortized Cost	(8)	9.985.681	19.608.657	29.594.338	12.466.614	18.153.867	30.620.481
2.4.1. Government Debt Securities		9.898.073	19.565.667	29.463.740	12.379.588	18.095.133	30.474.721
2.4.2. Other Financial Assets		87.608	42.990	130.598	87.026	58.734	145.760
2.5. Expected Credit Loss (-)		20.306.496	1.493.856	21.800.352	19.652.524	1.375.499	21.028.023
III. NON-CURRENT ASSETS OR DISPOSAL GROUPS “HELD FOR SALE” AND “HELD FROM DISCOUNTED OPERATIONS (Net)	(15)	5.378.919	-	5.378.919	5.336.119	-	5.336.119
3.1. Held for Sale Purpose		5.378.919	-	5.378.919	5.336.119	-	5.336.119
3.2. Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		1.401.472	212.924	1.614.396	1.277.395	207.948	1.485.343
4.1 Investments in Associates (Net)	(9)	697.145	3.724	700.869	550.810	3.445	554.255
4.1.1. Associates Valued Based on Equity Method		297.075	-	297.075	293.250	-	293.250
4.1.2. Unconsolidated Associates		400.070	3.724	403.794	257.560	3.445	261.005
4.2 Subsidiaries (Net)	(10)	704.327	10.526	714.853	726.585	9.541	736.126
4.2.1. Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2. Unconsolidated Non-Financial Subsidiaries		704.327	10.526	714.853	726.585	9.541	736.126
4.3 Entities under Common Control (Joint Ventures) (Net)	(11)	-	198.674	198.674	-	194.962	194.962
4.3.1. Joint Ventures Valued Based on Equity Method		-	198.674	198.674	-	194.962	194.962
4.3.2. Unconsolidated Joint Ventures		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)	(16)	11.177.762	444.515	11.622.277	11.099.870	403.960	11.503.830
VI. INTANGIBLE ASSETS (Net)		1.233.184	68.995	1.302.179	1.147.667	66.466	1.214.133
6.1. Goodwill		-	-	-	-	-	-
6.2. Other		1.233.184	68.995	1.302.179	1.147.667	66.466	1.214.133
VII. INVESTMENT PROPERTY (Net)	(14)	477.790	-	477.790	477.790	-	477.790
VIII. CURRENT TAX ASSET		22.538	6.788	29.326	23.394	5.688	29.082
IX. DEFERRED TAX ASSET		3.380.352	5.493	3.385.845	856.992	5.120	862.112
X. OTHER ASSETS (Net)	(20)	9.445.540	1.260.374	10.705.914	9.414.878	3.337.809	12.752.687
TOTAL ASSETS		639.128.164	439.333.494	1.078.461.658	636.044.603	382.488.318	1.018.532.921

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 MARCH 2021**

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

II- CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) LIABILITIES	Note (Section Five II)	Current Period 31 March 2021			Prior Period 31 December 2020		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(1)	338.585.411	383.504.574	722.089.985	331.229.660	363.608.580	694.838.240
II. FUNDS BORROWED	(3)	531.751	39.198.035	39.729.786	1.393.770	35.774.781	37.168.551
III. MONEY MARKET BORROWINGS	(4)	118.874.656	27.641.458	146.516.114	94.932.803	23.569.739	118.502.542
IV. SECURITIES ISSUED (Net)	(5)	4.326.495	20.164.049	24.490.544	5.027.603	13.346.012	18.373.615
4.1 Bills		-	285.883	285.883	-	-	-
4.2 Asset Backed Securities		3.316.148	-	3.316.148	4.017.250	-	4.017.250
4.3 Bonds		1.010.347	19.878.166	20.888.513	1.010.353	13.346.012	14.356.365
V. FUNDS		6.043.481	-	6.043.481	6.053.060	-	6.053.060
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		6.043.481	-	6.043.481	6.053.060	-	6.053.060
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)	461.424	2.821.183	3.282.607	1.464.562	2.022.399	3.486.961
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		461.424	2.821.183	3.282.607	1.464.562	2.022.399	3.486.961
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	(7)	895.400	96.994	992.394	879.435	121.928	1.001.363
X. PROVISIONS	(9)	7.486.839	287.118	7.773.957	7.265.341	245.485	7.510.826
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		1.770.210	8.089	1.778.299	1.569.882	7.193	1.577.075
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		5.716.629	279.029	5.995.658	5.695.459	238.292	5.933.751
XI. CURRENT TAX LIABILITY	(10)	1.687.101	6.538	1.693.639	1.769.112	6.951	1.776.063
XII. DEFERRED TAX LIABILITY	(10)	-	7.896	7.896	-	7.128	7.128
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "HELD FROM DISCONTINUED OPERATIONS" (Net)	(11)	-	-	-	-	-	-
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(12)	-	14.922.581	14.922.581	-	13.816.234	13.816.234
14. Loans		-	831.815	831.815	-	768.037	768.037
14.2 Other Debt Instruments		-	14.090.766	14.090.766	-	13.048.197	13.048.197
XV. OTHER LIABILITIES	(6)	18.053.465	3.971.522	22.024.987	15.978.625	4.946.160	20.924.785
XVI. SHAREHOLDERS' EQUITY	(13)	92.860.417	(3.966.730)	88.893.687	93.066.833	2.006.720	95.073.553
16.1 Paid-in capital		13.100.000	-	13.100.000	13.100.000	-	13.100.000
16.2 Capital Reserves		(19.701)	-	(19.701)	(17.745)	-	(17.745)
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		(19.701)	-	(19.701)	(17.745)	-	(17.745)
16.3. Accumulated Other Comprehensive Income or Expense Not Reclassified Through Profit or Loss		7.540.610	8.888	7.549.498	5.619.524	(32.697)	5.586.827
16.4. Accumulated Other Comprehensive Income or Expense Reclassified Through Profit or Loss		2.252.464	(5.193.226)	(2.940.762)	3.563.047	956.629	4.519.676
16.5 Profit Reserves		66.997.672	1.217.608	68.215.280	57.638.040	1.082.788	58.720.828
16.5.1 Legal Reserves		5.573.795	37.049	5.610.844	5.111.485	33.686	5.145.171
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		61.288.204	39.493	61.327.697	52.389.601	36.080	52.425.681
16.5.4 Other Profit Reserves		135.673	1.141.066	1.276.739	136.954	1.013.022	1.149.976
16.6 Profit or (Loss)		2.984.133	-	2.984.133	13.159.432	-	13.159.432
16.6.1 Prior Periods' Profit or (Loss)		1.644.148	-	1.644.148	3.507.980	-	3.507.980
16.6.2 Current Period Profit or (Loss)		1.339.985	-	1.339.985	9.651.452	-	9.651.452
16.7 Minority Interest		5.239	-	5.239	4.535	-	4.535
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		589.806.440	488.655.218	1.078.461.658	559.060.804	459.472.117	1.018.532.921

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS
AS OF 31 MARCH 2021**

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

III. CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period 31 March 2021			Prior Period 31 December 2020		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		205.440.709	436.190.191	641.630.900	202.622.377	429.001.864	631.624.241
I. GUARANTEES AND WARRANTIES	(1)	52.922.127	128.793.913	181.716.040	50.318.190	109.735.813	160.054.003
1.1 Letters of Guarantee		51.406.851	85.972.923	137.379.774	48.991.834	75.714.828	124.706.662
1.1.1 Guarantees Subject to State Tender Law		1.486.969	18.408.475	19.895.444	1.463.827	16.510.251	17.974.078
1.1.2 Guarantees Given for Foreign Trade Operations		44.009.899	43.583.947	87.593.846	41.641.970	37.911.310	79.553.280
1.1.3 Other Letters of Guarantee		5.909.983	23.980.501	29.890.484	5.886.037	21.293.267	27.179.304
1.2 Bank Acceptances		122.679	7.868.137	7.990.816	122.254	7.088.274	7.210.528
1.2.1 Import Letter of Acceptance		122.679	7.867.142	7.989.821	122.254	7.087.381	7.209.635
1.2.2 Other Bank Acceptances		-	-	995	-	893	893
1.3 Letters of Credit		1.189.622	31.329.510	32.519.132	997.868	23.665.410	24.663.278
1.3.1 Documentary Letters of Credit		1.189.622	31.112.489	32.302.111	997.868	23.562.686	24.560.554
1.3.2 Other Letters of Credit		-	217.021	217.021	-	102.724	102.724
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		99.000	1.727.583	1.826.583	99.000	1.421.463	1.520.463
1.5.1 Endorsements to the Central Bank of Turkey		99.000	1.727.583	1.826.583	99.000	1.421.463	1.520.463
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		97.813	1.892.293	1.990.106	98.155	1.841.367	1.939.522
1.9 Other Collaterals		6.162	3.467	9.629	9.079	4.471	13.550
II. COMMITMENTS		89.554.734	29.044.053	118.598.787	78.266.567	29.605.559	107.872.126
2.1 Irrevocable Commitments	(1)	89.554.734	19.731.090	109.285.824	78.266.567	21.595.365	99.861.932
2.1.1 Asset Purchase Commitments		1.389.492	12.175.305	13.564.797	96.533	14.155.920	14.252.453
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		3.150	-	3.150	3.150	-	3.150
2.1.4 Loan Granting Commitments		15.833.996	113.991	15.947.987	14.666.903	63.612	14.730.515
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques Payments		6.312.105	537	6.312.642	5.098.792	83	5.098.875
2.1.8 Tax and Fund Liabilities from Export Commitments		19.069	-	19.069	16.428	-	16.428
2.1.9 Commitments for Credit Card Limits		51.478.442	40.676	51.519.118	44.638.928	38.696	44.677.624
2.1.10 Commitments for Credit Cards and Banking Services Promotions		72.216	-	72.216	68.632	-	68.632
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		14.446.264	7.400.581	21.846.845	13.677.201	7.337.054	21.014.255
2.2 Revocable Commitments		-	9.312.963	9.312.963	-	8.010.194	8.010.194
2.2.1 Revocable Loan Granting Commitments		-	270.936	270.936	-	205.122	205.122
2.2.2 Other Revocable Commitments		-	9.042.027	9.042.027	-	7.805.072	7.805.072
III. DERIVATIVE FINANCIAL INSTRUMENTS		62.963.848	278.352.225	341.316.073	74.037.620	289.660.492	363.698.112
3.1 Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1 Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2 Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3 Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2 Trading Derivative Financial Instruments		62.963.848	278.352.225	341.316.073	74.037.620	289.660.492	363.698.112
3.2.1 Forward Foreign Currency Buy/Sell Transactions		4.695.337	5.918.676	10.614.013	2.355.332	2.663.655	5.018.987
3.2.1.1 Forward Foreign Currency Transactions-Buy		2.552.898	2.755.685	5.308.583	1.527.355	1.008.721	2.536.076
3.2.1.2 Forward Foreign Currency Transactions-Sell		2.142.439	3.162.991	5.305.430	827.977	1.654.934	2.482.911
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		57.853.770	271.994.206	329.847.976	71.018.140	286.360.907	357.379.047
3.2.2.1 Foreign Currency Swap-Buy		5.026.396	131.066.643	136.093.039	6.051.965	145.831.548	151.883.513
3.2.2.2 Foreign Currency Swap-Sell		51.997.374	82.520.327	134.517.701	63.436.175	87.634.053	151.070.228
3.2.2.3 Interest Rate Swap-Buy		415.000	29.203.618	29.618.618	765.000	26.447.653	27.212.653
3.2.2.4 Interest Rate Swap-Sell		415.000	29.203.618	29.618.618	765.000	26.447.653	27.212.653
3.2.3 Foreign Currency, Interest rate and Securities Options		20.541	30.198	50.739	-	-	-
3.2.3.1 Foreign Currency Options-Buy		10.273	15.097	25.370	-	-	-
3.2.3.2 Foreign Currency Options-Sell		10.268	15.101	25.369	-	-	-
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		394.200	409.145	803.345	664.148	635.930	1.300.078
3.2.4.1 Foreign Currency Futures-Buy		-	409.145	409.145	-	635.930	635.930
3.2.4.2 Foreign Currency Futures-Sell		394.200	-	394.200	664.148	-	664.148
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		1.692.858.951	370.322.117	2.063.181.068	2.563.869.791	325.299.145	2.889.168.936
IV. ITEMS HELD IN CUSTODY		248.545.244	76.090.184	324.635.428	1.179.135.773	66.865.796	1.246.001.569
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		16.453.901	34.092.511	50.546.412	17.451.168	31.490.162	48.941.330
4.3 Checks Received for Collection		17.962.473	2.972.007	20.934.480	17.101.252	2.429.665	19.530.917
4.4 Commercial Notes Received for Collection		16.208.190	1.542.215	17.750.405	14.356.213	1.383.849	15.740.062
4.5 Other Assets Received for Collection		8.816	-	8.816	8.816	-	8.816
4.6 Assets Received for Public Offering		178.634.771	1.087	178.635.858	1.100.163.673	2.864	1.100.166.537
4.7 Other Items Under Custody		19.275.444	34.562.741	53.838.185	30.053.002	28.659.397	58.712.399
4.8 Custodians		1.649	2.921.272	2.921.272	1.649	2.899.859	2.901.508
V. PLEDGES RECEIVED		1.442.780.403	289.188.458	1.731.968.861	1.383.210.835	254.082.953	1.637.293.788
5.1 Marketable Securities		6.731.473	1.703.992	8.435.465	7.177.865	1.570.333	8.748.198
5.2 Guarantee Notes		18.289.736	8.070.676	26.360.412	16.760.456	7.021.330	23.781.786
5.3 Commodity		3.308.961	1.150.571	4.459.532	3.110.331	923.024	4.033.355
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		1.148.271.259	181.000.827	1.329.272.086	1.103.157.094	158.200.995	1.261.358.089
5.6 Other Pledged Items		266.173.765	97.231.943	363.405.708	252.999.880	86.339.640	339.339.520
5.7 Pledged Items-Depository		5.209	30.449	35.658	5.209	27.631	32.840
VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES		1.533.304	5.043.475	6.576.779	1.523.183	4.350.396	5.873.579
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		1.898.299.660	806.512.308	2.704.811.968	2.766.492.168	754.301.009	3.520.793.177

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF 31 MARCH 2021**

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

IV. CONSOLIDATED STATEMENT OF PROFIT OR LOSS INCOME AND EXPENSE ITEMS		Note (Section Five IV)	Current Period 1 January-31 March 2021	Prior Period 1 January-31 March 2020
I.	INTEREST INCOME	(1)	21.842.168	17.098.484
1.1	Interest on Loans		16.552.333	13.372.646
1.2	Interest on Reserve Requirements		209.663	37.351
1.3	Interest on Banks		45.035	30.431
1.4	Interest on Money Market Transactions		1.917	2.311
1.5	Interest on Marketable Securities Portfolio		4.796.217	3.443.097
1.5.1	Fair Value Through Profit or Loss		62.982	28.533
1.5.2	Fair Value through Other Comprehensive Income		4.185.347	3.075.749
1.5.3	Measured at Amortized Cost		547.888	338.815
1.6	Financial Lease Interest Income		107.470	94.256
1.7	Other Interest Income		129.533	118.392
II.	INTEREST EXPENSE (-)	(2)	14.967.575	7.527.155
2.1	Interest on Deposits		9.829.959	5.265.250
2.2	Interest on Funds Borrowed		250.985	378.958
2.3	Interest Expense on Money Market Transactions		4.131.318	851.844
2.4	Interest on Securities Issued		589.233	437.013
2.5	Interest on Leases		31.462	32.770
2.6	Other Interest Expenses		134.618	561.320
III.	NET INTEREST INCOME (I - II)		6.874.593	9.571.329
IV.	NET FEES AND COMMISSIONS INCOME		1.275.790	753.070
4.1	Fees and Commissions Received		1.724.319	1.198.135
4.1.1	Non-cash Loans		336.819	255.043
4.1.2	Other		1.387.500	943.092
4.2	Fees and Commissions Paid (-)		448.529	445.065
4.2.1	Non-cash Loans		107	293
4.2.2	Other		448.422	444.772
V.	DIVIDEND INCOME		5.348	1.071
VI.	TRADING PROFIT/(LOSS) (Net)	(3)	(2.456.884)	(2.128.050)
6.1	Trading Gains / (Losses) on Securities		812	942.767
6.2	Gains / (Losses) on Derivative Financial Transactions		(2.854.308)	(1.504.385)
6.3	Foreign Exchange Profit/(Losses)		396.612	(1.566.432)
VII.	OTHER OPERATING INCOME	(4)	1.498.853	853.177
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		7.197.700	9.050.597
IX.	EXPECTED CREDIT LOSS (-)	(5)	1.852.968	2.085.617
X.	OTHER PROVISION EXPENSES (-)	(5)	120.742	943.412
XI.	PERSONNEL EXPENSE (-)		1.343.323	1.074.705
XII.	OTHER OPERATING EXPENSES (-)	(6)	2.212.101	2.161.030
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		1.668.566	2.785.833
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER PROFIT/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES		-	-
XV.	CONSOLIDATED BASED ON EQUITY METHOD PROFIT/(LOSS) ON NET MONETARY POSITION		13.451	10.417
XVI.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)	(7)	1.682.017	2.796.250
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(8)	(341.587)	(830.417)
18.1	Current Tax Provision		(840.599)	(552.699)
18.2	Deferred Tax Income Effect (+)		(185.325)	(1.002.056)
18.3	Deferred Tax Expense Effect (-)		684.337	724.338
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)	(9)	1.340.430	1.965.833
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	1.107.539
20.1	Income from Non-Current Assets Held for Sale		-	1.107.539
	Profit from Sales of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)		-	-
20.2	Income from Other Discontinued Operations		-	-
XXI.	EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	535.466
21.1	Expenses on Non-Current Assets Held for Sale		-	535.466
21.2	Expense from Sales of Associates, Subsidiaries and 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 (±)		-	(81.405)
23.1	Current Tax Provision		-	(78.057)
23.2	Deferred Tax Income Effect (+)		-	(3.766)
23.3	Deferred Tax Expense Effect (-)		-	418
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	490.668
XXV.	NET INCOME/(LOSS) (XVIII+XXIII)	(10)	1.340.430	2.456.501
25.1	Profit /(Loss) from the Group		1.339.985	2.456.215
25.2	Profit /(Loss) from Minority Interest		445	286
	Earnings/(Loss) per share (in TL full)		0,102	0,403

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 2021**

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

V. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Current Period 1 January-31 March 2021	Prior Period 1 January-31 March 2020
I.	CURRENT PERIOD PROFIT/LOSS	1.340.430	2.456.501
II.	OTHER COMPREHENSIVE INCOME	(7.611.392)	(4.397.484)
2.1	Not Reclassified Through Profit or Loss	(151.213)	(102.713)
2.1.1	Property and Equipment Revaluation Increase/Decrease	(39.887)	(43.704)
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	(138.451)	(79.224)
	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	27.125	20.215
2.1.5		27.125	20.215
2.2	Reclassified Through Profit or Loss	(7.460.179)	(4.294.771)
2.2.1	Foreign Currency Translation Differences	215.087	61.480
	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(9.719.199)	(5.585.091)
2.2.2		(9.719.199)	(5.585.091)
2.2.3	Cash Flow Hedge Income/Expense	-	-
2.2.4	Foreign Net Investment Hedge Income/Expense	101.481	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	1.942.452	1.228.840
2.2.6		1.942.452	1.228.840
III.	TOTAL COMPREHENSIVE INCOME (I+II)	(6.270.962)	(1.940.983)

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 2021**

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

VI. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share certificate Cancel profits	Other capital reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior period net profit/(loss)	Current period net profit / (loss)	Shareholders' Equity Before Minority Interest	Minority Interest	Total Equity
					1	2	3 ^(*)	4	5	6						
					I. Current Period 31 March 2021											
II. Prior Period End Balance	13.100.000	-	-	(17.745)	6.136.881	3.716	(553.770)	3.036.019	839.365	644.292	58.720.828	13.159.432	-	95.069.018	4.535	95.073.553
III. Corrections and Accounting Policy Changes Made According to TAS 8																
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	13.100.000	-	-	(17.745)	6.136.881	3.716	(553.770)	3.036.019	839.365	644.292	58.720.828	13.159.432	-	95.069.018	4.535	95.073.553
IV. Total comprehensive income	-	-	-	-	(35.837)	-	(115.376)	215.087	(7.777.006)	101.481	-	-	1.339.985	(6.271.666)	704	(6.270.962)
V. Capital increase by cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase by internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase (decrease) by other changes	-	-	-	(1.956)	-	-	(490)	-	-	-	265.837	(172.295)	-	91.096	-	91.096
XI. Profit distribution	-	-	-	-	-	-	2.114.374	-	-	-	9.228.615	(11.342.989)	-	-	-	-
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	8.577.454	(8.577.454)	-	-	-	-
11.3 Other	-	-	-	-	-	-	2.114.374	-	-	-	651.161	(2.765.535)	-	-	-	-
Balance at the end of the period (III+IV+.....+X+XI)	13.100.000	-	-	(19.701)	6.101.044	3.716	1.444.738	3.251.106	(6.937.641)	745.773	68.215.280	1.644.148	1.339.985	88.888.448	5.239	88.893.687

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

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

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

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

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

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

VI. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share certificate Cancel profits	Other capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified Through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified Through Profit or Loss			Profit Reserves	Prior period net profit/(loss)	Current period net profit/(loss)	Shareholders' Equity Before Minority Interest	Minority Interest	Total Equity
					1	2	3	4	5	6						
					Prior Period											
I. 31 March 2020																
II. Prior Period End Balance	6.100.000	-	-	(571)	3.830.302	(60.427)	419.209	2.748.990	(296.630)	-	52.325.076	9.158.560	-	74.224.509	2.993	74.227.502
III. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Adjusted Beginning Balance (I+II)	6.100.000	-	-	(571)	3.830.302	(60.427)	419.209	2.748.990	(296.630)	-	52.325.076	9.158.560	-	74.224.509	2.993	74.227.502
V. Total comprehensive income	-	-	-	-	(39.334)	-	(63.379)	61.480	(4.356.148)	-	-	2.456.215	(1.941.166)	183	(1.940.983)	
VI. Capital increase by cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Capital increase by internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Convertible bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Subordinated debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Increase (decrease) by other changes	-	-	-	(69)	283.058	-	163	-	-	-	137.431	(653.439)	-	(232.856)	-	(232.856)
XII. Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.3 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

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

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 2021

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

VII. CONSOLIDATED STATEMENT OF CASH FLOWS			
	Note	Current Period 1 January-31 March 2021	Prior Period 1 January-31 March 2020
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		930.846	2.395.434
1.1.1 Interest Received		21.051.818	16.095.286
1.1.2 Interest Paid		(13.754.233)	(7.658.923)
1.1.3 Dividend Received		5.348	1.071
1.1.4 Fees and Commissions Received		1.740.374	1.328.554
1.1.5 Other Income		383.262	1.795.944
1.1.6 Collections from Previously Written-off Loans and Other Receivables		752.908	666.782
1.1.7 Cash Payments to Personnel and Service Suppliers		(1.511.839)	(1.220.867)
1.1.8 Taxes Paid		(1.044.129)	(1.133.700)
1.1.9 Other		(6.692.663)	(7.478.713)
1.2 Changes in Operating Assets and Liabilities		6.428.428	5.172.527
1.2.1 Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		(3.048.847)	(4.680.725)
1.2.2 Net (Increase) / Decrease in due from banks and other financial institutions		(4.861.022)	8.636.111
1.2.3 Net (Increase) / Decrease in loans		(12.936.609)	(39.628.699)
1.2.4 Net (Increase) / Decrease in other assets		(474.975)	(6.922.705)
1.2.5 Net Increase / (Decrease) in bank deposits		2.527.438	1.505.615
1.2.6 Net Increase / (Decrease) in other deposits		(2.833.300)	44.252.872
1.2.7 Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss		-	-
1.2.8 Net Increase / (Decrease) in funds borrowed		(648.399)	1.789.297
1.2.9 Net Increase / (Decrease) in payables		-	-
1.2.10 Net Increase / (Decrease) in other liabilities		28.704.142	220.761
I. Net Cash Provided from Banking Operations		7.359.274	7.567.961
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		(9.772.812)	(14.167.862)
2.1 Cash Paid for Acquisition of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)		(142.509)	(370.401)
2.2 Cash Obtained from Disposal of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)		-	-
2.3 Purchases Of Property And Equipment		(490.021)	(432.201)
2.4 Disposals Of Property And Equipment		205.041	252.859
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(21.018.549)	(25.565.522)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		9.155.069	10.520.334
2.7 Purchase of Financial Assets at Measured at Amortized Cost		(11.562)	(174.060)
2.8 Sale of Financial Assets at Measured at Amortized Cost		2.529.719	9.949
2.9 Other		-	1.591.180
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		3.753.888	(1.127.082)
3.1 Cash Obtained from Funds Borrowed and Securities Issued		7.186.536	2.243.696
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(3.360.000)	(3.281.352)
3.3 Issued Equity Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Payments for finance leases		(72.648)	(89.426)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		3.573.185	1.751.906
V. Net Increase in Cash and Cash Equivalents (I+II+III+IV)		4.913.535	(5.975.077)
VI. Cash and Cash Equivalents at the Beginning of the Period		43.002.234	32.051.095
VII. Cash and Cash Equivalents at the End of the Period		47.915.769	26.076.018

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 2021

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

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

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

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

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

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

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

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

While preparing the interim financial statements dated March 31, 2021, the Parent Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements. Fair value measurements are revised within the scope of TFRS 13 Fair Value Measurement standard, with the expected credit loss provisions reflected in the financial statements and the assumptions and judgments used in estimating these losses.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued)

As of 31 March 2021, due to the adverse effects of the COVID-19 pandemic, the Parent Bank reviewed the valuation of financial assets whose fair value difference was reflected to other comprehensive income and whose fair value difference was reflected to profit or loss and as of the reporting date, corrections have been taken into account. The fair values were determined and accounted for as of the valuation date with the valuation reports prepared for the entity under common control monitored with their fair values, the entity under common control and the securities representing a share in the capital. On the other hand, the Parent Bank evaluated the effects of the COVID-19 pandemic with regard to the financial instruments whose fair value hierarchy was determined as Level 3 due to the fact that it involves significant estimates and judgments, and there are no changes that require any correction as of the reporting date. As of 31 March 2021, the Parent Bank does not have any assets or liabilities in the fair value hierarchy that would require any adjustment.

The Parent Bank reflected the estimates and judgments into the calculation of expected credit losses with the maximum effort and the best estimation method. The Parent Bank has revised its macroeconomic expectations and has reflected to the financial statement as of 31 March 2021, by taking into account the change in probability of default and loss given default.

In this context, the Parent Bank has measured the impact of its macroeconomic expectations on NPL receivables in different scenarios. In the NPL conversion rate, it has taken into consideration in the calculation by reflecting the coefficient, which is considered to reflect the current situation, to the loan parameters. The Parent Bank increased the weight of the adverse scenario in the expected credit loss calculation. In addition, the Parent Bank has analyzed its corporate, entrepreneurial and retail loan portfolios and the sector distributions in these portfolios, using expert opinion, provided provisions on model outputs for customer groups that are believed to be affected by the COVID-19 outbreak. In the following reporting periods, the impact of the pandemic will be reviewed, taking into account the changes in the credit portfolio and future expectations

Within the scope of the 4th and 5th articles of "Regulation on the Classification of Loans and the Procedures and Principles Regarding the Provisions to be Set Aside"; it is allowed that the 30-day-past-due period envisaged for the classification of loans in the second group would be applied as 90 days until 31 December 2020 for the loans classified under the first group and the 90-day-past-due period envisaged for the classification of loans as non-performing would be applied as 180 days until 31 December 2020 for the loans classified under the first and second groups according to the decisions of BRSA numbered 8948 dated 17 March 2020 and numbered 8970 dated 27 March 2020 due to the disruptions in economic and commercial activities resulting from the COVID-19 pandemic. Based on the BRSA's Decision No. 9312 dated 8 December 2020, these periods have been extended until 30 June 2021. The classification practices of our bank have been updated in accordance with BRSA decisions.

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

Changes in Accounting Policies

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

b. Explanation for convenience translation to English:

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

USD-denominated capital amounts and valuation differences sent to partnerships operating abroad are converted into Turkish currency at the exchange rate valid as of the valuation date and presented in the financial statements. For the exchange risk arising from foreign currency conversion of Ziraat Bank International AG, Ziraat Bank BH dd and Ziraat Bank Montenegro AD, the Parent Bank’s subsidiaries to which capital was paid in Euro amounts, Euro deposits are used for hedging purposes. Information on net investment hedge accounting applied in order to hedge the said total capital amount of EUR 268.075 thousand, which is associated with this purpose, from exchange rate risk effects arising from changes in foreign exchange rates, is presented in Section Four, article no VIII.

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

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 2021

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. INFORMATION ON CONSOLIDATED SUBSIDIARIES

1. Consolidation Principles Applied

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

1.1. Consolidation Principles for Subsidiaries

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

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. INFORMATION ON CONSOLIDATED SUBSIDIARIES (Continued)

1. Consolidation Principles Applied (Continued)

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

Title	Address (City/Country)	Main Activities	Parent Bank's Share Percentage (%)	Parent Bank's Risk Group Share Percentage (%)
Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	Brokerage Houses Portfolio	99,60	99,60
Ziraat Portföy Yönetimi A.Ş.	İstanbul/Turkey	Management	74,90	99,80
Ziraat Katılım Bankası A.Ş.	İstanbul/Turkey	Banking	100,00	100,00
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	Real Estate	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	99,91	99,91
Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	Banking	99,58	99,58
Ziraat Bank Azerbaycan ASC	Baku/Azerbaijan	Banking	99,98	100,00
Ziraat Bank Montenegro AD	Podgorica/Montenegro	Banking	100,00	100,00
JSC Ziraat Bank Georgia	Tbilisi/Georgia	Banking	100,00	100,00
Ziraat Bank Uzbekistan JSC	Tashkent/ Uzbekistan	Banking	100,00	100,00

1.2. Consolidation Principles of Associates and Joint Ventures

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. INFORMATION ON CONSOLIDATED SUBSIDIARIES (Continued)

1.3. Principles Applied During Share Transfer, Merger and Acquisition

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

1.4. Transactions with Minority Shareholders

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

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

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

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

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

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

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

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

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

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

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

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

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

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

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

Classification and Measurement within the Scope of TFRS 9

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

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

Financial Assets at Fair Value Through Profit or Loss

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

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

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

Financial Assets At Fair Value Through Other Comprehensive Income

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

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

Equity investments

Securities representing a share in the capital are recognized at fair value if they are traded in organized markets and / or their fair value can be determined reliably, and if they are not traded in organized markets, they are reflected in the financial statements with their values found using other valuation models.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

Financial Assets at Measured at Amortized Cost

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

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

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

The Parent Bank also updates the estimated inflation rate used throughout the year in case of necessity. At the end of the year, the actual inflation rate is used. A 1% increase in the CPI estimate will increase pre-tax period profit by TL 127 million as of March 31, 2021, and a decrease of 1% will decrease it by TL 103 million.

Loans

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

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

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Explanations on Expected Loss Provisions

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

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

Impairment

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

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

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

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

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

12 Month Expected Credit Losses (Stage 1)

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

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

Significant Increase in Credit Risk (Stage 2)

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

The main criteria taken into consideration in determining the credit risk of the financial asset to be significantly increased and transferred to the stage 2 are, having day-past-due more than and equal to 30 days, and the Parent Bank's internal early warning system note. As explained in the third part, part 1, section 1, BRSA's decisions no 8948 dated 17 March 2020 and 8970 dated 27 March 2020, mainly due to the effects caused by the COVID-19 outbreak, the aforementioned delay days starting from 27 March 2020 applied as 90 days. Pursuant to the BRSA's decision dated 8 December 2020 and numbered 9312, the 90-day implementation period has been extended until 30 June 2021.

Credit-Impaired Losses (Stage 3)

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

Group considers a debt as default on these two conditions;

- Objective Default Definition: It means debt having past due more than 90 days. This assumption can be disproved in the light of supportable information. As explained in the third part, part 1, section 1, the BRSA's decisions No. 8948 dated 17 March 2020 and No. 8970 dated 27 March 2020, mainly due to the effects caused by the COVID-19 outbreak, to be valid as of 17 March 2020 the default definition foreseen has been applying as 180 days. Pursuant to the BRSA's decision no 9312 dated 8 December 2020, the 180-day implementation period has been extended until 30 June 2021.
- Subjective Default Definition: It means it is considered that a debt is unlikely to be paid. Whenever it is considered that an obligor is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

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

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

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

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

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

Probability of Default (PD)

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

Exposure at Default (EAD)

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

Loss Given Default (LGD)

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

Future Expectations

The effect of future expectations is included in the credit risk parameters used in the calculation of expected credit losses by using scenarios related to macroeconomic factors. The Parent Bank uses the macroeconomic forecasting model developed during the creation of multiple scenarios to be used in expected credit loss calculations. The macroeconomic variables that stand out during this estimation are the Gross Domestic Product (GDP) and the consumer price index (CPI). By considering their compatibility with the portfolio risk parameters are updated every 3 months. In addition to macroeconomic indicators, the Parent Bank considers the future expectations of its portfolio and the possible effects of COVID-19 in its models by using its best estimations in the presence of model variables and taking expert opinion.

The Methodology of Behavioral Maturity Calculation

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

Write-off Policy

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

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

(31 December 2020: None)

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

Property and equipment are measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. As of 31 January 2014 the Parent Bank has changed its accounting policies and has decided to pursue the real estates registered in its portfolio at fair values. Valuation differences arising as a result of the valuation made by independent expertise firms for real estates are accounted under the tangible and intangible fixed asset revaluation differences account under equity.

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

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

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

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

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

XIV. EXPLANATIONS ON INVESTMENT PROPERTIES

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

XV. EXPLANATIONS ON LEASING TRANSACTIONS

Leases in Accordance with TFRS 16 Leases

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

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XV. EXPLANATIONS ON LEASING TRANSACTIONS (Continued)

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

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

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

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

XVI. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

Employment Termination and Vacation Benefits

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

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

The Parent Bank uses independent actuaries in determining liability, and makes assumptions about issues such as discount rate and inflation. As of 31 Mart 2021, retirement benefit obligation is TL 1.378.675 (31 December 2020: TL 1.256.959).

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

Communiqué on “Turkish Accounting Standard (“TAS19”) about Benefits for Employee (No:9)” published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority (“POA”) on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2012 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. Actuarial gains amounting to TL 3.716 was classified under shareholders’ equity in the financials. (31 December 2020: TL 3.716 profit).

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

The technical balance sheet report as of 31 December 2020 which is prepared in accordance with the new law and the rate determined as 9,80%, concluded no technical deficit arises in the above-mentioned fund. Since the Parent Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Parent Bank’s financial statements.

XVIII. EXPLANATIONS ON TAXATION

Current Tax

The corporate tax rate of 20% was designated in Corporate Tax Law No. 5520 which was taken into effect on 1 January 2006 after being published in the Official Gazette dated 21 June 2006 numbered 26205 for corporate earnings. (between 1 January 2018-31 December 2020 it was applied as 22% according to law No. 7061). The Corporate Tax rate, which is 20% in accordance with Article 11 of the Law on the Procedure of Collection of Public Receivables and the Law on the Amendment of Certain Laws, published in the Official Gazette on April 22, 2021, and the Provisional Article 13 added to the Corporate Tax Law, 25% for the corporate earnings for the period will be applied as 23% for 2022. In accordance with Article 14 of the Law, the rate to be applied for the year 2021 will start with the 2nd temporary tax declaration period for the corporations and will be valid for the corporate earnings for the taxation period starting from January 1, 2021.

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVIII. EXPLANATIONS ON TAXATION (Continued)

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

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

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

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

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

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

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

Tax returns are required to be filled and delivered to the related tax office until the end of the fourth month following the balance sheet date and the accrued tax is paid until the end of the same month. Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVIII. EXPLANATIONS ON TAXATION (Continued)

Tax rates used in tax calculation considering the related countries’ tax legislation as of 31 March 2021 are presented below:

Russia	20%
Kazakhstan	20%
Germany	16%
Bosnia Herzegovina	10%
Azerbaijan	20%
Montenegro	9%
Georgia	15%
Uzbekistan	20%

Deferred Tax

In accordance with TAS 12 “Turkish Accounting Standards Relating to Income Tax” and taking into account the additional regulation introduced by the Law No. 7061 of 28 November 2017, the Parent Bank calculates and recognizes deferred tax for temporary differences between the bases calculated based on the accounting policies used and valuation principles and that calculated under the tax legislation.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. In the deferred tax calculation, the Parent Bank estimates the time when temporary differences will be taxable / deductible and uses the legal tax rates valid as of the balance sheet date in accordance with the current tax legislation. As deferred tax assets or liabilities within the scope of TAS 12 are calculated based on the tax rates (and tax laws) effective or almost certain to come into effect as of the end of the reporting period (balance sheet date), the Parent Bank has calculated the deferred tax rate of 20% over its assets and liabilities as of March 31, 2021. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated that it is highly probable to benefit from these differences by obtaining taxable profit in the future. Deferred tax liability or assets related to temporary timing differences that arise from the initial recognition of assets or liabilities other than goodwill or business combinations and that do not affect both commercial and financial profit or loss are not calculated.

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIX. EXPLANATIONS ON BORROWINGS

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

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

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

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

There are no issued shares by the Group.

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

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

XXII. EXPLANATIONS ON GOVERNMENT GRANTS

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

XXIII. CASH AND CASH EQUIVALENTS

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

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

XXIV. EXPLANATIONS ON SEGMENT REPORTING

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXV. EXPLANATIONS ON OTHER MATTERS

Profit Distribution

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

Real estate sales revenue exception calculated in accordance with the TPL within the scope of the 5/1-e clause of the Corporate Tax Law no. 5520 after deducting 50% of its base, TL 18.462, to be transferred to a special fund account under equities to be monitored until the end of the 5th year following the sale to leave the remaining 7.415.306 TL within the Parent Bank,

Being monitored in the profit of previous years; within the scope of the transfer of Ziraat Sigorta A.Ş. and Ziraat Hayat ve Emeklilik A.Ş. to Türkiye Varlık Fonu Finansal Yatırımlar A.Ş. reported with the transfer of TL 2,495,459 to TL 1,980,523 the 5/1-e clause of the Corporate Tax Law no. 5520 to be included in a special fund account under equity to be monitored until the end of the 5th year following the year in which the sale was made, except for adding to the capital, since the provisions of the tax exemption of the participation share sales earnings have been utilized, reclassification of some stocks in the Parent Bank's portfolio with the remaining 514,936 TL 5% (38.545 TL) of legal reserves from the previous years' profit amounting to 770.897 TL, which is the total of 255.961 TL recorded as a result, and transferring the remaining 732.352 TL to extraordinary reserves

TL 115,389, which is 50% of the real estate sales income exemption base calculated according to the TPL within the scope of the 5/1-e clause of the Corporate Tax Law no. 5520, out of TL 766,550, which arises from real estate valuation differences and is monitored in the profit of previous years as required by TAS-16 to be monitored until the end of the 5th year following the year in which the sale was made, to a special fund account under equity, 5% (TL 32.558) of the remaining TL 651.161 to be allocated as legal reserves, and the remaining TL 618.603 to be decided to transfer to extraordinary reserves.

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SECTION FOUR

EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT

I. EXPLANATIONS ON THE COMPONENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY

Shareholders' equity and capital adequacy ratio were calculated within the framework of “Regulation on Banks' Equity” and “Regulation on Measurement and Evaluation of Capital Adequacy of Banks” and in addition to the regulations of BRSA numbered 9312 dated 8 December 2020. Based on recent regulations that will be valid until 30 June 2021;

- In calculating the amount subject to credit risk; Simple arithmetic average of the Central Bank foreign exchange buying rates for the last 252 business days before the calculation date can be used to calculate the valued amounts in foreign currency.
- 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 2021, the Parent Bank's total regulatory capital has been calculated as TL 116.152.360 (31 December 2020: TL 114.356.330), capital adequacy ratio is 16,75% (31 December 2020: 17,25%). This ratio is well above the minimum ratio required by the legislation.

1. Information Related to The Components of Shareholders' Equity

	Current Period 31 March 2021	Amount as per the regulation before 01/01/2014*
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	13.100.000	-
Share issue premiums	-	-
Reserves	68.215.280	-
Gains recognized in equity as per TAS	11.473.128	-
Profit	2.984.133	-
Current Period Profit	1.339.985	-
Prior Period Profit	1.644.148	-
Shares acquired free of charge from associates, subsidiaries and entities under common control and cannot be recognized within profit for the period	73.249	-
Minority Interest	743	-
Common Equity Tier 1 Capital Before Deductions	95.846.533	-
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	230.364	-
Improvement costs for operating leasing	47.318	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1.302.179	1.302.179
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-

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

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

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

	Current Period 31 March 2021	Amount as per the regulation before 01/01/2014*
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions from Common Equity Tier I Capital	1.579.861	-
Total Common Equity Tier I Capital	94.266.672	-
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	14.209.604	-
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	14.209.604	-
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 I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier I capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	14.209.604	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	108.476.276	-
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Third parties' share in the secondary capital	-	-
Third parties' share in the secondary capital (Covered by Temporary Article 3)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	7.682.265	-
Tier II Capital Before Deductions	7.682.265	-
Deductions from Tier II Capital	-	-
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	7.682.265	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	116.158.541	-

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

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

	Current Period 31 March 2021	Amount as per the regulation before 01/01/2014*
Total Tier I Capital and Tier II Capital (Total Equity)	116.158.541	-
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	6.181	-
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)	116.152.360	-
Total Risk Weighted Assets	693.584.338	-
CAPITAL ADEQUACY RATIOS		
Consolidated CET 1 Capital Ratio (%)	13,59	-
Consolidated Tier I Capital Ratio (%)	15,64	-
Consolidated Capital Adequacy Ratio (%)	16,75	-
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	4,56	-
a) Capital conservation buffer requirement (%)	2,50	-
b) Bank specific countercyclical buffer requirement (%)	0,061	-
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	9,09	-
Amounts Lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	207.622	-
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	60.596	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	3.385.845	-
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)	10.856.011	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	7.682.265	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(*) Amounts considered within transition provisions.

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

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

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

	Prior Period 31 December 2020	Amount as per the regulation before 01/01/2014*
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	13.100.000	-
Share issue premiums	-	-
Reserves	58.720.828	-
Gains recognized in equity as per TAS	10.121.812	-
Profit	13.159.432	-
Current Period Profit	9.651.452	-
Prior Period Profit	3.507.980	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	17.388	-
Minority Interest	555	-
Common Equity Tier 1 Capital Before Deductions	95.120.015	-
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	50.442	-
Improvement costs for operating leasing	44.857	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1.214.133	1.214.133
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-

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

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

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

	Prior Period 31 December 2020	Amount as per the regulation before 01/01/2014*
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions from Common Equity Tier I Capital	1.309.432	-
Total Common Equity Tier I Capital	93.810.583	-
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	13.317.710	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Third parties' share in the Additional Tier I capital	-	-
Third parties' share in the Additional Tier I capital (Covered by Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	13.317.710	-
Total Tier I Capital and Tier II Capital (Total Equity)	-	-
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items to be defined by the BRSA (-)	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier I capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	13.317.710	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	107.128.293	-
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Third parties' share in the secondary capital	-	-
Third parties' share in the secondary capital (Covered by Temporary Article 3)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	7.251.206	-
Tier II Capital Before Deductions	7.251.206	-
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	7.251.206	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	114.379.499	-

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

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

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

	Prior Period 31 December 2020	Amount as per the regulation before 01/01/2014*
Total Capital (The sum of Tier I Capital and Tier II Capital)	114.379.499	-
Deductions from Capital Loans granted contrary to the 50th and 51st Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale Purpose but Retained more than Five Years	-	-
Other items to be defined by the BRSA (-)	23.169	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	114.356.330	-
Total Risk Weighted Assets	663.051.749	-
CAPITAL ADEQUACY RATIOS		
Consolidated CET 1 Capital Ratio (%)	14,15	-
Consolidated Tier I Capital Ratio (%)	16,16	-
Consolidated Capital Adequacy Ratio (%)	17,25	-
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	4,56	-
a) Capital conservation buffer requirement (%)	2,50	-
b) Bank specific countercyclical buffer requirement (%)	0,059	-
c) Higher bank buffer requirement ratio (%)	2,00	-
Additional CET 1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	9,65	-
Amounts Lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	199.294	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	54.586	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	862.112	-
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty-five per ten thousand)	10.396.404	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	7.251.206	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 01 January 2018-01 January 2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

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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)	13.454	756
Nominal value of instrument (TL million)	13.454	756
Accounting classification of the instrument	347001-Subordinated Debts Instruments	347000- Subordinated Loans
Original date of issuance	24 April 2019	24 April 2019
Maturity structure of the instrument (perpetual/dated)	Perpetual	Perpetual
Issue date of the instrument	24 April 2019	24 April 2019
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes
Call option dates, conditioned call dates and call amount	Subject to the approval of the BRSA, a repayment option is available at the end of each 5-year period from the date of issue.	Option date is 5 years, (subject to BRSA permission)
Subsequent call dates, if applicable	24.04.2024	-
Interest/dividend payment		
Fixed or floating coupon/dividend payments	Fixed	None
Coupon rate and any related index	First 5 years fixed 5,076%, next 5 years MS + 5,031% fixed	None
Existence of any dividend payment restriction	None	None
Fully discretionary, partially discretionary or mandatory	Fully discretionary	None
Existence of step up or other incentive to redeem	None	None
Noncumulative or cumulative	Noncumulative	None

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

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

2. Items Included in Capital Calculation (Continued)

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

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

	Current Period	Prior Period
Balance Sheet - Equity	88.893.687	95.073.553
Operational Leasing Development Costs	(47.318)	(44.857)
Goodwill and Other Intangible Assets and Related Deferred Taxes Liabilities	(1.302.179)	(1.214.133)
TIER 2 Capital (Provisions)	7.682.265	7.251.206
Debt Instruments and the Related Issuance Premiums Defined by the BRSA TIER 2 Capital (Provisions)	14.209.604	13.317.710
Other deductions from common equity	(6.181)	(23.169)
Minority interest	(4.496)	(3.980)
Other regulations	6.726.978	-
Amount recognized in regulatory capital	116.152.360	114.356.330

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

II. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK

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

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

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

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

None.

3. Management Policy for Foreign Currency Risk

Periodic "Liquidity Gap Analysis" and "Repricing Gap Analysis" to determine the liquidity and structural interest rate risks in the US Dollar and Euro, which are the most important foreign currencies in which the Parent Bank operates, and the historical renewal rates of foreign exchange deposit accounts. "Structural Liquidity Gap Analysis" is performed. In addition, daily VaR analysis for the follow-up of currency risk and within the scope of legal reporting, Foreign Currency Net General Position / Equity ratio and Foreign Currency Liquidity Position are regularly monitored. The Parent Bank manages the Turkish Lira or foreign currency risks that may occur in the domestic and international markets and follows the transactions that create these risks, and manages these risks at optimum levels within the framework of market expectations and within the scope of its strategies by considering the balances with other financial risks. Foreign currency net general position / equity standard ratio calculated on a consolidated basis is within the limits. Sensitivity analysis regarding the currency risk that the Group is exposed to is explained in Note 6.

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

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
24.03.2021	7,8109	9,2395	5,9542	1,2427	0,9092	8,3467	6,2253	0,9114	10,7134	2,0830	7,1719
25.03.2021	7,8730	9,2870	5,9654	1,2491	0,9108	8,3996	6,2360	0,9104	10,8002	2,0995	7,2163
26.03.2021	7,9616	9,3851	6,0731	1,2623	0,9205	8,4689	6,3328	0,9272	10,9950	2,1231	7,2602
29.03.2021	8,1056	9,5347	6,1814	1,2823	0,9310	8,6359	6,4274	0,9468	11,1631	2,1614	7,3862
30.03.2021	8,2415	9,6640	6,2743	1,2999	0,9418	8,7369	6,5253	0,9639	11,3049	2,1976	7,4719
31.03.2021	8,1829	9,6099	6,2337	1,2923	0,9378	8,6950	6,5114	0,9590	11,2891	2,1819	7,3999

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
7,5757	9,0073	5,8359	1,2115	0,8856	8,1403	6,0244	0,8885	10,4915	2,0199	6,9625

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

II. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK (Continued)

6. Information on the Foreign Currency Risk of the Group

Current Period	EUR	USD	Other FC	Total
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	37.191.903	38.954.875	19.937.801	96.084.579
Banks ⁽⁸⁾	4.610.254	6.199.910	3.132.321	13.942.485
Financial Assets at Fair Value Through Profit and Loss ⁽¹⁾	11.556	1.734.976	14.948.781	16.695.313
Money Markets Receivables	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	9.453.448	87.813.591	198.542	97.465.581
Loans ^{(2) (7)}	84.830.372	100.791.494	5.852.155	191.474.021
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures)	-	198.674	14.250	212.924
Financial Assets Measured at Amortised Cost	15.646.700	3.949.411	11.108	19.607.219
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Assets	40.286	2.948	401.281	444.515
Intangible Assets	27.416	4.178	37.401	68.995
Other Assets ⁽⁴⁾	667.814	2.698.491	255.423	3.621.728
Total Assets ⁽⁵⁾	152.479.749	242.348.548	44.789.063	439.617.360
Liabilities				
Interbank Deposits	15.795.500	5.638.986	1.007.131	22.441.617
Foreign Currency Deposits	165.055.360	137.836.345	58.171.252	361.062.957
Money Market Borrowings	-	27.641.458	-	27.641.458
Funds Provided from Other Financial Institutions	11.283.634	27.200.113	714.288	39.198.035
Issued Marketable Securities ⁽⁶⁾	14.090.766	19.872.933	291.116	34.254.815
Miscellaneous Payables	2.096.581	363.250	112.772	2.572.603
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities ⁽⁶⁾	1.843.237	3.385.787	221.439	5.450.463
Total Liabilities	210.165.078	221.938.872	60.517.998	492.621.948
Net Balance Sheet Position	(57.685.329)	20.409.676	(15.728.935)	(53.004.588)
Net Off-Balance Sheet Position ⁽³⁾	58.228.501	(32.453.791)	22.773.441	48.548.151
Financial Derivative Assets	67.875.678	71.362.158	24.212.352	163.450.188
Financial Derivative Liabilities	9.647.177	103.815.949	1.438.911	114.902.037
Non-Cash Loans	51.649.382	67.216.529	9.928.002	128.793.913
Prior Period				
Total Assets	137.052.937	219.153.377	40.345.214	396.551.528
Total Liabilities	194.188.510	204.513.430	58.763.457	457.465.397
Net Balance Sheet Position	(57.135.573)	14.639.947	(18.418.243)	(60.913.869)
Net Off-Balance Sheet Position ⁽³⁾	57.329.355	(24.817.036)	25.674.893	58.187.212
Financial Derivative Assets	66.178.121	80.849.019	26.896.712	173.923.852
Financial Derivative Liabilities	8.848.766	105.666.055	1.221.819	115.736.640
Non-Cash Loans	47.061.577	53.914.659	8.759.577	109.735.813

(1) TL 12.945 equivalent to Financial Assets at Fair Value through Profit and Loss Other FC balance arises from gold indexed bonds. (31 December 2020: TL 13.734.743 equivalent to Other FC balance arises from gold indexed bonds).

(2) TL 128.629 equivalent of USD and TL 189.464 equivalent of EUR loans are originated as foreign currency indexed loans (31 December 2020: TL 129.364 equivalent of USD and TL 225.427 equivalent of EUR).

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

(4) Prepaid expenses in other assets amounting to TL 47.172 are not included.

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

(6) Includes subordinated debt instruments.

(7) Includes receivables from leasing transactions.

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

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

II. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK (Continued)

Analysis of Sensitivity to Currency Risk

The effect of 10% depreciation of TL against the USD, Euro and other currencies on the equity and profit or loss statement (excluding tax effects) for the three-month period ended 31 March 2021 and 31 March 2020 is shown in the table below.

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

	Current Period - 31 March 2021		Prior Period - 31 March 2020	
	Profit/Loss Statement	Equity (*)	Profit/Loss Statement	Equity (*)
USD	(475.207)	(605.395)	(1.165.385)	(1.286.408)
EUR	(171.497)	(398.484)	(302.060)	(523.784)
Other currencies	156.918	156.918	144.440	144.440
Total (Net) (**)	(489.786)	(846.961)	(1.323.005)	(1.665.752)

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

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

The effect of 10% appreciation of TL against the USD, Euro and other currencies on the equity and profit or loss statement (excluding tax effects) for the three-month period ended 31 March 2021 and 31 March 2020 is shown in the table below:

	Current Period - 31 March 2021		Prior Period - 31 March 2020	
	Profit/Loss Statement	Equity (*)	Profit/Loss Statement	Equity (*)
USD	475.207	605.395	1.165.385	1.286.408
EUR	171.497	398.484	302.060	523.784
Other currencies	(156.918)	(156.918)	(144.440)	(144.440)
Total (Net) (**)	489.786	846.961	1.323.005	1.665.752

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

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

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

III. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK

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

(Based on days to repricing dates)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	13.066.226	-	-	-	-	93.501.590	106.567.816
Banks ⁽⁸⁾	2.572.065	303.511	273.474	12.395	808	11.458.897	14.621.150
Financial Assets at Fair Value Through Profit and Loss	2.387.778	1.771.792	7.745.188	4.102.780	16.595	1.747.019	17.771.152
Money Markets Receivables	793.721	-	-	-	-	-	793.721
Financial Assets at Fair Value Through Other Comprehensive Income	10.950.274	24.871.196	47.819.917	71.879.580	41.394.829	644.878	197.560.674
Loans Given ⁽⁵⁾⁽⁷⁾	123.315.248	94.501.784	133.339.968	246.038.800	70.000.079	4.443.591	671.639.470
Financial Assets Measured at Amortised Cost	75.363	47.447	7.939.400	17.321.185	4.205.646	-	29.589.041
Other Assets ⁽²⁾	1.988.016	2.466.146	373.592	148.046	814.660	34.128.174	39.918.634
Total Assets ⁽¹⁾⁽⁵⁾	155.148.691	123.961.876	197.491.539	339.502.786	116.432.617	145.924.149	1.078.461.658
Liabilities							
Interbank Deposits	23.625.383	4.010.380	10.109.046	-	-	5.918.120	43.662.929
Other Deposits	291.937.054	97.543.136	65.723.629	5.093.322	2.553.920	215.575.995	678.427.056
Money Markets Borrowings	135.046.140	6.137.416	4.554.494	778.064	-	-	146.516.114
Miscellaneous Payables	15.366	-	-	-	-	13.991.446	14.006.812
Issued Marketable Securities ⁽⁶⁾	5.575.714	2.129.737	906.810	29.969.049	-	-	38.581.310
Funds Provided from Other Financial Institutions	15.893.163	8.518.811	7.242.645	7.486.560	588.607	-	39.729.786
Other Liabilities ⁽⁴⁾⁽⁶⁾	1.406.293	1.205.058	599.763	2.082.335	5.639.706	106.604.496	117.537.651
Total Liabilities ⁽¹⁾	473.499.113	119.544.538	89.136.387	45.409.330	8.782.233	342.090.057	1.078.461.658
Balance Sheet Long Position	-	4.417.338	108.355.152	294.093.456	107.650.384	-	514.516.330
Balance Sheet Short Position	(318.350.422)	-	-	-	-	(196.165.908)	(514.516.330)
Off-Balance Sheet Long Position	-	2.499.236	94.500	-	-	-	2.593.736
Off-Balance Sheet Short Position	(779.445)	-	(12)	-	(1.015.347)	-	(1.794.804)
Total Position	(319.129.867)	6.916.574	108.449.640	294.093.456	106.635.037	(196.165.908)	798.932

- (1) Balances without fixed maturity are shown in the “Non-Interest Bearing” columns.
(2) Deferred tax asset and liability are shown under the “Non-Interest Bearing” column.
(3) Net balance of loans under follow-up is shown under the “Non-Interest Bearing” column in loans given.
(4) Total shareholders’ equity is shown under the “Non-Interest Bearing” column.
(5) Allowance for expected losses for financial assets and other assets are reflected in the related items.
(6) Includes subordinated debt instruments.
(7) Includes receivables from leasing transactions.
(8) Includes the guarantees given for derivative and repo transactions with foreign banks.

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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	10.663.989	-	-	-	-	84.275.914	94.939.903
Banks	2.545.908	160.322	330.510	11.640	-	6.374.979	9.423.359
Financial Assets at Fair Value Through Profit and Loss	253.906	4.487.102	7.265.682	2.785.237	17.280	544.909	15.354.116
Money Markets Receivables	603.736	-	-	-	-	-	603.736
Financial Assets at Fair Value Through Other Comprehensive Income	26.336.732	16.862.958	39.096.787	61.982.137	42.555.478	406.232	187.240.324
Loans Given ⁽³⁾⁽⁷⁾	124.751.285	75.525.451	131.837.989	240.244.974	64.503.611	4.770.153	641.633.463
Financial Assets Measured at Amortised Cost	2.778.964	61.323	7.787.481	16.078.725	3.908.653	-	30.615.146
Other Assets ⁽²⁾	826.462	2.162.783	964.216	138.986	1.135.581	33.494.846	38.722.874
Total Assets ⁽¹⁾⁽⁵⁾	168.760.982	99.259.939	187.282.665	321.241.699	112.120.603	129.867.033	1.018.532.921
Liabilities							
Interbank Deposits	21.551.648	5.392.665	5.492.551	914.859	-	6.096.456	39.448.179
Other Deposits	285.316.807	99.345.949	55.720.758	6.508.650	539.054	207.958.843	655.390.061
Money Markets Borrowings	111.215.295	5.135.012	849.452	1.302.783	-	-	118.502.542
Miscellaneous Payables	4.225	-	-	-	-	13.578.047	13.582.272
Issued Marketable Securities ⁽⁶⁾	864.135	2.606.819	4.799.651	23.151.207	-	-	31.421.812
Funds Provided from Other Financial Institutions	1.956.700	14.054.359	14.459.435	6.107.111	564.448	26.498	37.168.551
Other Liabilities ⁽⁴⁾⁽⁶⁾	1.838.258	683.454	924.477	1.905.131	5.779.625	111.888.559	123.019.504
Total Liabilities ⁽¹⁾	422.747.068	127.218.258	82.246.324	39.889.741	6.883.127	339.548.403	1.018.532.921
Balance Sheet Long Position	-	-	105.036.341	281.351.958	105.237.476	-	491.625.775
Balance Sheet Short Position	(253.986.086)	(27.958.319)	-	-	-	(209.681.370)	(491.625.775)
Off-Balance Sheet Long Position	3.460.446	3.574.705	516.189	-	-	-	7.551.340
Off-Balance Sheet Short Position	2.646.418	1.080.313	382.179	-	(1.015.345)	255.299	3.348.864
Total Position	(247.879.222)	(23.303.301)	105.934.709	281.351.958	104.222.131	(209.426.071)	10.900.204

- (1) Balances without fixed maturity are shown in the “Non-Interest Bearing” columns.
(2) Deferred tax asset and liability are shown under the “Non-Interest Bearing” column.
(3) Net balance of loans under follow-up is shown under the “Non-Interest Bearing” column in loans given.
(4) Total shareholders’ equity is shown under the “Non-Interest Bearing” column.
(5) Allowance for expected losses for financial assets and other assets are reflected in the related items.
(6) Includes subordinated debt instruments.
(7) Includes receivables from leasing transactions.

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

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

	EUR	USD	JPY	TL
Current Period ⁽⁴⁾				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	13,50
Banks	4,30	0,30	-	20,84
Financial Assets at Fair Value Through Profit or Loss	-	5,36	-	8,31
Money Markets Receivables	-	-	-	18,24
Financial Assets at Fair Value Through Other Comprehensive Income	3,15	4,75	-	12,48
Loans Given ⁽²⁾	4,71	5,86	-	11,78
Financial Assets Measured at Amortised Cost	4,62	7,47	-	11,62
Liabilities				
Interbank Deposits	0,22	1,82	-	18,95
Other Deposits	0,43	1,38	-	15,32
Money Market Borrowings	-	2,12	-	19,10
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities ⁽³⁾	5,08	5,02	-	16,99
Funds Provided from Other Financial Institutions	1,63	2,51	-	12,51

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

⁽²⁾ Credit card loans are not included.

⁽³⁾ Subordinated debt instruments are included

⁽⁴⁾ Foreign branches are excluded.

	EUR	USD	JPY	TL
Prior Period ⁽⁴⁾				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	12,00
Banks	1,79	-	-	18,02
Financial Assets at Fair Value Through Profit or Loss	-	5,36	-	11,88
Money Markets Receivables	-	-	-	15,89
Financial Assets at Fair Value Through Other Comprehensive Income	2,86	4,76	-	11,17
Loans Given ⁽²⁾	4,70	5,93	5,95	11,03
Financial Assets Measured at Amortised Cost	4,87	7,47	-	15,86
Liabilities				
Interbank Deposits	0,20	0,26	-	17,94
Other Deposits	0,56	1,91	-	13,73
Money Market Borrowings	-	2,34	-	17,25
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities	5,08	4,87	-	16,99
Funds Provided from Other Financial Institutions	1,61	2,57	-	14,90

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

⁽²⁾ Credit card loans are not included.

⁽³⁾ Subordinated debt instruments are included

⁽⁴⁾ Foreign branches are excluded.

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

IV. EXPLANATIONS ON THE POSITION RISK OF CONSOLIDATED EQUITY INSTRUMENTS

1. Equity Instruments Position Risk Derived from Banking Books

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

Investments in Equity Instruments- Current Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	-	-	-
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	-	-	-
Traded on Stock Exchange	-	-	-
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other (*)	309.304	309.304	-

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

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

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

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

The investments in equity instruments, partaking in banking accounts according to the credit risk standard method, are amounted TL 309.304 and 100% of them are risk weighted (31 December 2020: are amounted TL 289.106 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 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 daily basis. Besides, in order to compare the Parent Bank's level of liquidity risk with the sector, average remaining maturity balances of Bank-sector maturity structure and legal liquidity rates are monitored.

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

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

1. Liquidity Risk

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

The Parent Bank's risk capacity, risk appetite, responsibilities and tasks of liquidity risk management and share issues of points related liquidity risk management with bank network are explained in "Regulations of Risk Management, Stress Test Program and ICAAP Regulations" of the Parent Bank. In this context, liquidity risk strategies, policies and implementations are shared within the Parent Bank on a weekly, monthly, quarterly and annual basis with all relevant departments and the Parent Bank's senior management. The analysis and reports made within this scope are handled at the Asset-Liability Committee meetings and the Board of Directors is informed through the Audit Committee.

Liquidity management and the degree of centralization of fund strategies, the information about the procedure between Bank and the partners of Bank

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

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

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

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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 458,83, TL + FC 143,24; February FC 487,17, TL + FC 143,61; March was realized as FC 476,92, TL + FC 136,32 (31 December 2020: October FC 404,26, TL+FC 140,37; November FC 382,18, TL+FC 128,7; December FC 469,91, TL+FC 137,83).

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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				
High Quality Liquid Assets			177.026.054	100.608.756
Cash Outflows				
Retail and Small Business Customers, of which:	440.206.775	245.616.273	38.470.553	24.559.197
Stable deposits	111.002.497	48.613	5.550.125	2.431
Less stable deposits	329.204.278	245.567.660	32.920.428	24.556.766
Unsecured wholesale funding, of which:	220.953.973	88.918.072	101.580.329	43.148.637
Operational deposit	17.571.254	1.689.529	4.385.610	415.179
Non-operational deposits	177.355.533	77.366.157	77.832.117	33.079.645
Other unsecured funding	26.027.186	9.862.386	19.362.602	9.653.813
Secured funding				
Other cash outflows, of which:	104.480.045	19.360.444	16.245.649	11.618.191
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	8.007.151	8.357.113	8.007.151	8.357.113
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	96.472.894	11.003.331	8.238.498	3.261.078
Other revocable off-balance sheet commitments and contractual obligations	8.718.232	8.718.232	435.912	435.912
Other irrevocable or conditionally revocable off-balance sheet obligations	66.207.111	42.209.418	3.785.774	2.110.471
Total Cash Outflows			160.518.217	81.872.408
Cash Inflows				
Secured lending				
Unsecured lending	49.862.403	22.742.309	30.557.968	16.041.582
Other cash inflows	4.110.013	49.195.693	4.089.628	49.175.308
Total Cash Inflows	53.972.416	71.938.002	34.647.596	65.216.890
			Upper Limit Applied Amounts	
TOTAL HQLA STOCK			177.026.054	100.608.756
TOTAL NET CASH OUTFLOWS			125.870.621	20.468.102
LIQUIDITY COVERAGE RATIO (%)			140,64	491,54

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

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

3. Explanations on Liquidity Coverage Ratio

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

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

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

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

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

3. Explanations on Liquidity Coverage Ratio (Continued)

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 specific frequency. Besides, it is being reported to the relevant units and senior management. There is no excess regarding the limits during operating period.

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

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

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

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

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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	37.402.618	69.165.198	-	-	-	-	-	106.567.816
Banks ⁽⁵⁾	11.458.897	2.572.065	303.511	273.474	12.395	808	-	14.621.150
Financial Assets at Fair Value Through Profit and Loss	17.194	2.361.369	1.771.792	7.771.597	4.102.780	16.595	1.729.825	17.771.152
Money Markets Receivables	-	793.721	-	-	-	-	-	793.721
Financial Assets at Fair Value Through Other Comprehensive Income	372.412	1.952.004	4.616.977	20.177.188	110.118.654	60.029.079	294.360	197.560.674
Loans Given ⁽⁴⁾	2.056.817	26.589.950	55.158.120	186.047.877	290.086.116	107.256.999	4.443.591	671.639.470
Investments Held-to-Maturity	-	75.364	47.447	44.449	17.321.184	12.100.597	-	29.589.041
Other Assets	10.332.800	1.816.732	2.465.461	373.592	148.046	814.660	23.967.343	39.918.634
Total Assets ⁽²⁾	61.640.738	105.326.403	64.363.308	214.688.177	421.789.175	180.218.738	30.435.119	1.078.461.658
Liabilities								
Interbank Deposits	5.918.120	23.625.383	4.010.380	10.109.046	-	-	-	43.662.929
Other Deposits	215.575.995	292.001.906	97.551.968	65.516.526	5.223.490	2.557.171	-	678.427.056
Funds Provided from Other Financial Institutions	-	9.731.154	1.963.468	6.339.861	17.536.764	4.158.539	-	39.729.786
Money Market Borrowings	-	135.046.140	6.137.416	4.554.494	778.064	-	-	146.516.114
Issued Marketable Securities ⁽³⁾	-	5.575.714	2.129.736	906.811	29.969.049	-	-	38.581.310
Miscellaneous Payables	4.208.213	9.171.719	-	-	-	-	626.880	14.006.812
Other Liabilities ⁽⁵⁾	14.933.513	2.242.613	1.754.552	601.958	2.082.335	7.579.076	88.343.604	117.537.651
Total Liabilities	240.635.841	477.394.629	113.547.520	88.028.696	55.589.702	14.294.786	88.970.484	1.078.461.658
Liquidity Gap	(178.995.103)	(372.068.226)	(49.184.212)	126.659.481	366.199.473	165.923.952	(58.535.365)	-
Net Off-Balance Sheet Position	-	1.168.328	304.733	(308.470)	12.183	416.663	-	1.593.437
Financial Derivative Assets	-	107.388.275	19.848.976	12.690.478	476.400	1.432.008	-	141.836.137
Financial Derivative Liabilities	-	106.219.947	19.544.243	12.998.948	464.217	1.015.345	-	140.242.700
Non-cash Loans	55.161.318	6.271.612	13.287.532	61.818.045	39.272.650	5.400.440	504.443	181.716.040
Prior Period								
Total Assets	53.515.349	94.960.467	68.901.398	208.533.644	393.675.838	172.657.866	26.288.359	1.018.532.921
Total Liabilities	232.885.329	431.292.326	118.576.521	82.037.452	46.971.389	11.625.253	95.144.651	1.018.532.921
Liquidity Gap	(179.369.980)	(336.331.859)	(49.675.123)	126.496.192	346.704.449	161.032.613	(68.856.292)	-
Net Off-Balance Sheet Position	-	(928.056)	1.392.453	104.102	-	269.733	-	838.232
Financial Derivative Assets	-	112.691.820	32.919.251	8.157.398	1.972	1.285.078	-	155.055.519
Financial Derivative Liabilities	-	113.619.876	31.526.798	8.053.296	1.972	1.015.345	-	154.217.287
Non-cash Loans	48.553.453	5.871.734	14.137.642	47.245.602	37.445.134	6.267.013	533.425	160.054.003

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

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

(3) Includes subordinated debt instruments.

(4) Includes receivables from leasing transactions.

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

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

VI. EXPLANATIONS ON CONSOLIDATED LEVERAGE

1. Explanations on Issues that Cause Differences Between Leverage Ratios

The Group’s consolidated leverage calculated by force of the regulation “Regulation on Measurement and Assessment of Leverage Ratios of Banks” is 7,95% (31 December 2020: 8,00%). The decrease on leverage results occur from the increase in the risk amount. The regulation sentenced the minimum leverage as 3%.

Balance sheet assets	Current Period ^(*)	Prior Period ^(*)
On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	1.033.685.292	1.019.008.924
(Assets deducted in determining Tier 1 capital)	(3.941.584)	(3.484.580)
Total on-balance sheet risks (sum of lines 1 and 2)	1.029.743.708	1.015.524.344
Derivative financial instruments and credit derivatives		
Replacement cost associated with all derivative financial instruments and credit Derivatives	5.097.499	6.447.370
Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	1.918.691	1.973.199
Total risks of derivative financial instruments and credit derivatives	7.016.190	8.420.569
Securities or commodity financing transactions (SCFT)		
Risks from SCFT assets	11.840.309	15.489.064
Risks from brokerage activities related exposures	-	-
Total risks related with securities or commodity financing transactions	11.840.309	15.489.064
Other off-balance sheet transactions		
Gross notional amounts of off-balance sheet transactions	281.231.187	257.863.235
(Adjustments for conversion to credit equivalent amounts)	(7.816.544)	(7.445.068)
Total risks of off-balance sheet items	273.414.643	250.418.167
Capital and total risks		
Tier 1 capital	101.749.298	103.142.384
Total risks	1.322.014.850	1.289.852.144
Leverage ratio		
Leverage ratio %	7,95	8,00

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

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

	Current Period ^(*)	Prior Period ^(*)
Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards ^(**)	1.078.662.739	1.019.093.587
The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements”	201.081	560.666
The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such instruments	350.791.559	343.739.300
The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts	52.419.226	46.521.925
The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such items	7.816.544	7.445.068
Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amount of such items	(59.162.036)	(55.563.620)
Total Risk Amount	1.322.014.850	1.289.852.144

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

^(**) The current year balance of the Consolidated Financial Statements prepared in accordance with paragraph 6 of Article 5 of the Communiqué on Preparation of Consolidated Financial Statements of Banks has been prepared by using the temporary financial statements dated 31 March 2021 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)	606.012.884	567.727.732	48.481.031
2	Standardised approach	606.012.884	567.727.732	48.481.031
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	7.234.540	10.299.316	578.763
5	Standardised approach for counterparty credit risk	7.234.540	10.299.316	578.763
6	Internal model method	-	-	-
7	Basic risk weight approach to internal model's equity position in the Banking account	-	-	-
8	Investments made in collective investment companies-look through approach	-	-	-
9	Investments made in collective investment companies-mandate-based approach	1.333.762	2.069.435	106.701
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	27.718.569	39.814.620	2.217.486
17	Standardised approach	27.718.569	39.814.620	2.217.486
18	Internal model approaches	-	-	-
19	Operational risk	51.284.583	43.140.646	4.102.767
20	Basic Indicator approach	51.284.583	43.140.646	4.102.767
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	693.584.338	663.051.749	55.486.748

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

VIII. EXPLANATIONS ON CONSOLIDATED HEDGE PROCEDURES

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

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

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

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

Hedging instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items	Ineffective Portion
FX Deposit (EUR)	EUR Capital Amounts Allocated to Foreign Partnerships	Foreign exchange rate risk	(745.773)	745.773	-

IX. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS

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

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

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

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

IX. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS (Continued)

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

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

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

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

As of 31 March 2021 explanations on segment reporting as shown on the following page are in line with Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

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

IX. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS (Continued)

1. Table for Segment Reporting

Current Period	Retail Banking	Corporate/ Entrepreneur banking	Specialized Banking	Treasury/ Investment Banking	Consolidation Corrections	Other/ Undistributed	Total
OPERATING INCOME/EXPENSE							
Interest Income	4.883.004	7.635.254	2.537.815	6.549.092	-	237.003	21.842.168
Interest Income from Loans	4.883.004	7.635.254	2.537.815	1.496.260	-	-	16.552.333
Interest Income from Banks	-	-	-	45.035	-	-	45.035
Interest Income from Securities	-	-	-	4.796.217	-	-	4.796.217
Other Interest Income	-	-	-	211.580	-	237.003	448.583
Interest Expense	5.493.638	3.418.565	-	5.889.292	-	166.080	14.967.575
Interest Expense on Deposits	5.493.638	3.418.565	-	917.756	-	-	9.829.959
Interest Expense on Funds Borrowed	-	-	-	250.985	-	-	250.985
Interest Expense on Money Market Transactions	-	-	-	4.131.318	-	-	4.131.318
Interest Expense on Securities Issued	-	-	-	589.233	-	-	589.233
Other Interest Expense	-	-	-	-	-	166.080	166.080
Net Interest Income/Expense	(610.634)	4.216.689	2.537.815	659.800	-	70.923	6.874.593
Net Fees and Commission Income/Expense	694.289	681.528	44.940	(373.987)	-	229.020	1.275.790
Fees and Commissions Received	694.289	688.644	44.940	5	-	296.441	1.724.319
Fees and Commissions Paid	-	7.116	-	373.992	-	67.421	448.529
Dividend Income	-	-	-	5.348	-	-	5.348
Trading Profit/Loss (Net)	-	-	-	(2.464.084)	-	7.200	(2.456.884)
Other Operating Income	6.950	93.596	12.883	37.932	-	1.347.492	1.498.853
Provision for Expected Loss (-)	435.990	1.140.044	225.738	-	-	51.196	1.852.968
Other Provision Expenses (-)	-	24.216	-	70.061	-	26.465	120.742
Personnel Expenses (-)	-	-	-	-	-	1.343.323	1.343.323
Other Operating Expense	879.609	37.931	25.432	23.029	-	1.246.100	2.212.101
Net Operating Profit/Loss	(1.224.994)	3.789.622	2.344.468	(2.228.081)	-	(1.012.449)	1.668.566
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	13.069	382	13.451
Tax Provision	-	-	-	-	-	(341.587)	(341.587)
Discontinued Operations Profit / Loss Before Taxes	-	-	-	-	-	-	-
Discontinued Operations Tax Provision	-	-	-	-	-	-	-
Net Profit/Loss	(1.224.994)	3.789.622	2.344.468	(2.228.081)	13.069	(1.353.654)	1.340.430
SEGMENT ASSETS							
Financial Assets at FV Through P/L	-	-	-	17.771.152	-	-	17.771.152
Banks and Receivables from Money Market	-	-	-	15.414.871	-	-	15.414.871
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	197.559.158	1.516	-	197.560.674
Loans (*)	176.623.446	388.084.065	92.858.250	14.073.709	-	-	671.639.470
Financial Assets Measured at Amortised Cost (Net)	-	-	-	29.589.041	-	-	29.589.041
Derivative Financial Assets	-	-	-	5.401.988	-	-	5.401.988
Associates, Subsidiaries and Joint Ventures	-	-	-	15.554.837	(13.940.441)	-	1.614.396
Other Assets	8.090	5.906.396	126.892	98.584.185	579.776	34.264.727	139.470.066
Total Segment Assets	176.631.536	393.990.461	92.985.142	393.948.941	(13.359.149)	34.264.727	1.078.461.658
SEGMENT LIABILITIES							
Deposits	483.574.605	153.153.299	-	40.776.102	-	44.585.979	722.089.985
Derivative Financial Liabilities Held for Trading	-	-	-	3.282.607	-	-	3.282.607
Funds Borrowed	-	-	-	39.729.786	-	-	39.729.786
Money Market Borrowings	8.209	52.989.887	-	93.518.018	-	-	146.516.114
Securities Issued (Net)	-	-	-	24.490.544	-	-	24.490.544
Provisions	-	1.857.562	-	101	-	5.916.294	7.773.957
Other Liabilities	-	-	-	-	(19.679)	45.704.657	45.684.978
Shareholders' Equity	-	-	-	-	(13.339.470)	102.233.157	88.893.687
Total Segment Liabilities	483.582.814	208.000.748	-	201.797.158	(13.359.149)	198.440.087	1.078.461.658

(*) It also includes receivables from leasing transactions.

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IX. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS (Continued)

1. Table for Segment Reporting (Continued)

Prior Period- 31 March 2020	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 Expense	9	58	-	2.413	-	940.932	943.412
Personnel Expense (-)	-	-	-	-	-	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	-	-	-	15.354.116	-	-	15.354.116
Banks and Receivables from Money Market	-	-	-	10.027.095	-	-	10.027.095
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	187.238.807	1.517	-	187.240.324
Loans (*)	179.301.086	367.187.496	85.643.924	9.500.957	-	-	641.633.463
Financial Assets Measured at Amortised Cost (Net)	-	-	-	30.615.146	-	-	30.615.146
Derivative Financial Assets	-	-	-	5.061.778	-	-	5.061.778
Associates, Subsidiaries and Joint Ventures	-	-	-	15.245.526	(13.760.183)	-	1.485.343
Other Assets	8.689	6.524.817	122.567	88.366.223	524.208	31.569.152	127.115.656
TOTAL SEGMENT ASSETS	179.309.775	373.712.313	85.766.491	361.409.648	(13,234.458)	31,569.152	1,018,532,921
SEGMENT LIABILITIES							
Deposits	465.068.519	151.576.278	-	34.215.803	-	43.977.640	694.838.240
Derivative Financial Liabilities Held for Trading	-	-	-	3.486.961	-	-	3.486.961
Funds Borrowed	-	-	-	37.168.551	-	-	37.168.551
Money Market Borrowings	9.029	22.701.248	-	95.792.265	-	-	118.502.542
Securities Issued (Net)	-	-	-	18.373.615	-	-	18.373.615
Provisions	1.308	1.862.610	-	-	-	5.646.908	7.510.826
Other Liabilities	-	-	-	-	(1.667)	43.580.300	43.578.633
Shareholders' Equity	-	-	-	-	(13,232,792)	108,306,345	95,073,553
TOTAL SEGMENT LIABILITIES	465,078,856	176,140,136	-	189,037,195	(13,234,459)	201,511,193	1,018,532,921

(*) It also includes receivables from leasing transactions.

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1.839.453	4.303.254	2.239.346	3.983.617
Central Bank of the Republic of Turkey	8.647.173	91.391.988	6.127.060	82.146.802
Other	-	391.389	-	449.400
Total	10.486.626	96.086.631	8.366.406	86.579.819

Explanation on reserve requirements:

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

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

With Required reserve rates vary according to the maturity structure of the liabilities and are applied between 3%-8% for TL deposits and other liabilities, 5%-22% for FX deposits and for other FC liabilities.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	8.289.465	22.565.912	5.905.660	21.462.861
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	350	-	370
Other ⁽¹⁾	357.708	68.825.726	221.400	60.683.571
Total	8.647.173	91.391.988	6.127.060	82.146.802

⁽¹⁾ Includes required reserves and CBRT restricted electronic money funds amounting to TL 17.188. Required reserve of branches abroad amounting to TL 265.879 is presented in this line. TL 9.366.415 of the current period’s FC required reserve is the part of the TL required reserves that are held in FC (31 December 2020: Includes required reserves and CBRT restricted electronic money funds amounting to TL 12.011. Required reserve of branches abroad amounting to TL 265.879 is presented in this line. TL 9.120.863 of the current period’s FC required reserve is the part of the TL required reserves that are held in FC).

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

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

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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	990.821	987.872
Assets Blocked/Given as Collateral	14.944.776	13.708.749
Total	15.935.597	14.696.621

3. Positive Differences Statement Regarding Trading Derivative Financial Asset

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	184.121	5.903	69.015	1.618
Swap Transactions	2.820.594	2.390.230	2.872.371	2.112.607
Futures Transactions	-	-	6.018	-
Options	-	110	-	-
Other	1.028	2	140	9
Total	3.005.743	2.396.245	2.947.544	2.114.234

4. Information on Bank Account and Foreign Banks

4.1. Information on Bank Balances

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	4.836	2.177.115	3.213	2.625.254
Foreign Banks (*)	674.595	11.773.939	578.142	6.223.551
Foreign Head Office and Branches	-	-	-	-
Total	679.431	13.951.054	581.355	8.848.805

(*) In accordance with the Uniform Chart of Accounts that entered into force as of January 1, 2021, foreign bank derivative and repo transactions collaterals amounting to TL 4.442.711 as of the balance sheet date, which were included in the previous period's other assets, are reported in the foreign banks line in the current period.

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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	86.408.135	54.282.961
Assets Blocked/Given as Collateral	71.539.205	84.326.980
Total	157.947.340	138.609.941

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

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

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

	Current Period	Prior Period
Debt Securities	208.053.311	189.012.067
Quoted at Stock Exchange	206.228.057	187.266.123
Unquoted at Stock Exchange	1.825.254	1.745.944
Share Certificates	326.433	302.479
Quoted at Stock Exchange	2.646	2.733
Unquoted at Stock Exchange	323.787	299.746
Provision for Impairment (-)	10.819.070	2.074.222
Total	197.560.674	187.240.324

7. Information Related to Loans

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Direct Loans Granted to Shareholders	-	-	-	-
Granted loans to Legal Entity Partners	-	-	-	-
Granted loans to Individual Partners	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees ⁽¹⁾⁽²⁾	684.453	-	642.578	-
Total	684.453	-	642.578	-

(1) Interest rediscount and interest accrual amounting TL 4.818, are not included (31 December 2020: Interest rediscount and interest accrual amounting TL 4.190 are not included).

(2) Since the balance of overdraft accounts related to employees amounting TL 13.138, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above. (31 December 2020: Since the balance of overdraft accounts related to employees amounting TL 21.494, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above.)

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

Current Period		Loans Under Close Monitoring ⁽³⁾			
		Standard Loans	Not Under the Scope of Restructuring	Loans Under Restructured	
				Loans with revised contract terms	Refinancing
	Cash Loans				
	Non-Specialized Loans	528.217.960	22.437.613	936.207	16.218.497
	Loans given to enterprises	318.506.295	18.510.086	824.769	16.112.129
	Export Loans	6.655.811	1.017.332	3.552	-
	Import Loans	570.650	20.276	-	-
	Loans Given to Financial Sector	7.854.010	-	-	-
	Consumer Loans	159.167.211	2.628.133	103.961	100.022
	Credit Cards	21.823.361	252.662	-	3.448
	Other	13.640.622	9.124	3.925	2.898
	Specialized Loans ⁽¹⁾⁽²⁾	86.091.889	1.087.117	44.598	1.206.467
	Other Receivables	-	-	-	-
	Interest Income Accruals	11.428.183	1.936.205	57.400	886.021
	Total	625.738.032	25.460.935	1.038.205	18.310.985

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

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

(3) It includes a loan amounting to TL 4.107.446 with a delay of more than 90 days.

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

7. Information Related to Loans (Continued)

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

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

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

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

Expected Credit Loss of Stage 1 and Stage 2	Current Period		Prior Period	
	Standard Qualified Loans	Loans Under Close Monitoring	Standard Qualified Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	2.890.913	-	2.888.030	-
Significant Increase in Credit Risk	-	6.718.327	-	6.223.597

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

7. Information Related to Loans (Continued)

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

Current Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	669.764	157.488.458	158.158.222
Mortgage Loans ⁽²⁾	15.518	92.528.982	92.544.500
Automotive Loans	8.029	1.006.956	1.014.985
Consumer Loans ⁽²⁾	646.217	63.952.520	64.598.737
Other	-	-	-
Consumer Loans- Indexed to FC	729	340.071	340.800
Mortgage Loans	-	50.077	50.077
Automotive Loans	-	2.777	2.777
Consumer Loans	25	16.182	16.207
Other	704	271.035	271.739
Consumer Loans-FC	6.718	1.003.298	1.010.016
Mortgage Loans	283	207.464	207.747
Automotive Loans	79	13.849	13.928
Consumer Loans	2.532	159.947	162.479
Other	3.824	622.038	625.862
Consumer Credit Cards-TL	12.023.080	191.800	12.214.880
With Installment	3.820.984	174.316	3.995.300
Without Installment	8.202.096	17.484	8.219.580
Consumer Credit Cards-FC	61.089	24	61.113
With Installment	60.212	-	60.212
Without Installment	877	24	901
Personnel Loans-TL	17.361	452.200	469.561
Mortgage Loans	-	838	838
Automotive Loans	-	167	167
Consumer Loans	17.361	451.195	468.556
Other	-	-	-
Personnel Loans-Indexed to FC	20	12.342	12.362
Mortgage Loans	-	3.083	3.083
Automotive Loans	5	227	232
Consumer Loans	-	-	-
Other	15	9.032	9.047
Personnel Loans-FC	949	23.741	24.690
Mortgage Loans	-	6.616	6.616
Automotive Loans	-	-	-
Consumer Loans	735	15	750
Other	214	17.110	17.324
Personnel Credit Cards-TL	169.024	7.091	176.115
With Installment	64.658	6.663	71.321
Without Installment	104.366	428	104.794
Personnel Credit Cards-FC	1.725	-	1.725
With Installment	1.660	-	1.660
Without Installment	65	-	65
Overdraft Accounts-TL (Real Person)	1.983.618	-	1.983.618
Overdraft Accounts-FC (Real Person)	58	-	58
Total ⁽¹⁾	14.934.135	159.519.025	174.453.160

⁽¹⁾ TL 1.224.210 of interest income rediscount and accrual is not included.

⁽²⁾ Funds originated consumer loans amounting to TL 3.946.212 are included.

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

7. Information Related to Loans (Continued)

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

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

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

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

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

7. Information Related to Loans (Continued)

7.4. Information on Commercial Installment Loans and Corporate Credit Cards

Current Period	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans-TL	2.428.740	101.909.156	104.337.896
Mortgage Loans	1.462	1.453.118	1.454.580
Automotive Loans	149.746	2.340.807	2.490.553
Consumer Loans	2.277.532	98.115.231	100.392.763
Other	-	-	-
FC Indexed Commercial Instalment Loans	816.487	1.056.876	1.873.363
Mortgage Loans	-	-	-
Automotive Loans	-	2.806	2.806
Consumer Loans	383.072	989.810	1.372.882
Other	433.415	64.260	497.675
Commercial Installment Loans-FC	510.668	50.825.531	51.336.199
Mortgage Loans	45.823	232.096	277.919
Automotive Loans	-	34.698	34.698
Consumer Loans	310.926	50.041.537	50.352.463
Other	153.919	517.200	671.119
Corporate Credit Cards-TL	9.494.678	104.985	9.599.663
With Installment	4.297.210	104.952	4.402.162
Without Installment	5.197.468	33	5.197.501
Corporate Credit Cards-FC	25.975	-	25.975
With Installment	25.209	-	25.209
Without Installment	766	-	766
Overdraft Account-TL (Legal Entity)	1.213.580	-	1.213.580
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	14.490.128	153.896.548	168.386.676

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

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

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

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

7. Information Related to Loans (Continued)

7.5. Distribution of Domestic and Foreign Loans

	Current Period	Prior Period
Domestic Loans	642.191.556	613.508.290
Foreign Loans	14.048.792	14.818.424
Interest Income Accruals of Loans	14.307.809	12.502.046
Total	670.548.157	640.828.760

7.6. Loans Granted to Investments in Associates and Subsidiaries

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	1.520.917	1.138.436
Indirect loans granted to subsidiaries and associates	-	-
Total	1.520.917	1.138.436

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

	Current Period	Prior Period
Loans and other receivables with limited collectability	869.416	1.234.735
Loans and other receivables with doubtful collectability	1.227.043	655.989
Uncollectible loans and other receivables	10.089.356	10.020.337
Total	12.185.815	11.911.061

7.8. Information on Non-Performing Loans (Net)

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

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Current Period			
Gross amounts before the provisions	123.632	535.572	1.017.681
Rescheduled Loans	123.632	535.572	1.017.681
Prior Period			
Gross amounts before the provisions	245.295	124.385	1.015.246
Rescheduled Loans	245.295	124.385	1.015.246

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

7. Information Related to Loans (Continued)

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

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Prior Period Ending Balance	2.608.435	1.341.890	12.730.889
Additions (+)	287.142	492.465	137.548
Transfers from Other Categories of Non-Performing Loans (+)	-	1.067.689	443.013
Transfers to Other Categories of Non-Performing Loans (-)	1.067.689	443.013	-
Collections (-) ⁽¹⁾	36.298	134.954	797.711
Write-offs (-)	-	-	-
Sold (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	1.791.590	2.324.077	12.513.739
Provision (-)	869.416	1.227.043	10.089.356
Net Balance at Balance Sheet	922.174	1.097.034	2.424.383

⁽¹⁾ Includes transfers to the first and second group loans amounting to TL 216.055.

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	1.644.865	99.497	465.579
Provision (-)	781.761	75.715	390.348
Net Balance on Balance Sheet	863.104	23.782	75.231
Prior Period:			
Balance at the End of the Period	1.421.370	134.815	384.361
Provision (-)	684.262	93.696	321.922
Net Balance on Balance Sheet	737.108	41.119	62.439

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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)	922.174	1.097.034	2.424.383
Loans to Real Persons and Legal Entities (Gross)	1.791.590	2.324.077	12.358.668
Provisions (-)	869.416	1.227.043	9.934.285
Loans to Real Persons and Legal Entities (Net)	922.174	1.097.034	2.424.383
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	155.071
Provisions (-)	-	-	155.071
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	1.373.700	685.901	2.710.552
Loans to Real Persons and Legal Entities (Gross)	2.608.435	1.341.890	12.582.423
Provisions (-)	1.234.735	655.989	9.871.871
Loans to Real Persons and Legal Entities (Net)	1.373.700	685.901	2.710.552
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	148.466
Provisions (-)	-	-	148.466
Other Loans and Receivables (Net)	-	-	-

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

	Group III	Group IV	Group V
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	41.710	137.100	155.838
Interest Accruals and Valuation Differences	92.808	371.268	603.961
Provisions (-)	51.098	234.168	448.123
Prior Period (Net)	168.569	40.312	157.220
Interest Accruals and Valuation Differences	257.319	128.081	570.510
Provisions (-)	88.750	87.769	413.290

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

8. Financial Assets Measured at Amortised Cost

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

Financial Assets Measured at Amortised Cost subject to repo transactions

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	1.389.448	2.229.333	3.315.575	1.802.748
Treasury Bills	-	-	-	-
Other Government Debt	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	1.389.448	2.229.333	3.315.575	1.802.748

Financial Assets Measured at Amortised Cost given as collateral or blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	-	-	-	-
Bonds and Similar Investment Securities	7.946.312	16.065.072	8.723.020	14.875.540
Other	-	-	-	-
Total	7.946.312	16.065.072	8.723.020	14.875.540

8.2. Information on Government Debt Securities

	Current Period	Prior Period
Government Bonds	28.515.827	29.577.973
Treasury Bills	24.613	22.087
Other Public Sector Debt Securities	923.300	874.661
Total	29.463.740	30.474.721

8.3 Information on Financial Assets Measured at Amortised Cost

	Current Period	Prior Period
Debt securities	29.594.530	30.620.661
Quoted at stock exchange	28.487.029	29.571.518
Unquoted at stock exchange	1.107.501	1.049.143
Provision for Impairment (-)	192	180
Total	29.594.338	30.620.481

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

8. Financial Assets Measured at Amortised Cost (Continued)

8.4 The Movements of Financial Assets at Amortised Costs

	Current Period	Prior Period
Balance at the Beginning of the Period	30.620.481	18.171.615
Foreign Currency Differences on Monetary Assets	1.302.465	4.245.424
Purchases During the Year ⁽¹⁾	201.303	9.056.733
Disposals through Sales and Redemptions	(2.529.719)	(853.111)
Provision for Impairment (-)	192	180
Balance at the End of the Period	29.594.338	30.620.481

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

9. Information on Associates Accounts (Net)

9.1. Information on Unconsolidated Associates

	Title	Address (City/ Country)	The Bank’s Share Percentage, if Different, Voting Percentage (%)	The Bank’s Risk Group Share Percentage (%)
1	Platform Ortak Karlı Sistemler A.Ş.	Istanbul/Turkey	20,00	20,00
2	Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.	Istanbul/Turkey	33,34	33,34
3	Keskinoğlu Tavukçuluk ve Damızlık İşl. San. Tic. A.Ş.	Manisa/Turkey	55,95	55,95

	Total Assets ⁽²⁾	Shareholders ' Equity ⁽²⁾	Total Non- Current Assets ⁽²⁾⁽³⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit / Loss ⁽²⁾	Prior Period Profit / Loss ⁽²⁾	Fair Value ⁽¹⁾
1	5.250	5.250	-	-	-	-	-	-
2	198.358	158.678	18.202	4.484	-	2.848	(547)	-
3	447.440	(339.484)	173.717	447	-	(32.944)	(130.185)	-

⁽¹⁾ There is no fair value since 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 2021. Prior period profit/loss information of associates has been provided from reviewed financial statements as of 31 March 2020.

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

9.2. Consolidated Subsidiaries

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

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

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

9. Information on 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	6.470.780	1.184.888	149.603	56.613	21.394	40.600	18.249	-

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

⁽²⁾ Current period information of Arap Türk Bankası A.Ş. has been provided from unaudited financial statements as of 31 March 2021. Prior period profit/loss information of associates has been provided from audited financial statements as of 31 March 2020.

9.3. Information on Financial Associates

	Current Period	Prior Period
Balance at the Beginning of the Period	177.879	162.465
Movement During the Period	3.826	15.414
Additions	-	-
Bonus Shares and Contributions to Capital	-	-
Dividends from Current Year Income	4.127	14.902
Transfer	-	-
Sales/Liquidation	-	-
Revaluation Increase	-	512
Revaluation/Impairment	301	-
Balance at the End of the Period	181.705	177.879
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

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

Subsidiaries	Current Period	Prior Period
Banks	181.705	177.879
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	-	-

9.5. Subsidiaries Quoted to a Stock Exchange

None (31 December 2020: None).

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

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

10. Information on Subsidiaries (Net)

10.1. Information on Unconsolidated Subsidiaries

	Description	Address (City/ Country)	The Parent Bank's Share Percentage-if different Voting Percentage (%)	The Parent Bank's Group Share Percentage (%)
1	Ziraat Teknoloji A.Ş.	İstanbul / Turkey	100,00	100,00
2	Onko İlaç Sanayi ve Ticaret A.Ş.	Kocaeli / Turkey	85,00	85,00
3	Koçsel İlaç Sanayi ve Ticaret A.Ş.	Kocaeli / Turkey	85,00	85,00
4	Rinerji Rize Elektrik Üretim A.Ş.	Rize/Turkey	51,00	51,00

	Total Assets	Shareholders' Equity	Total Non- Current Assets	Interest Income	Income from Marketable Securities	Current Period Profit / Loss	Prior Period Profit / Loss	Fair Value
1	97.562	11.375	8.442	428	11	(7.460)	5.801	56.467
2	806.718	130.048	360.494	2.867	-	34.963	(35.095)	62.661
3	47.751	7.704	5.882	-	-	(3.796)	(1.998)	7.320
4	56.856	12.694	54.048	-	-	(8.991)	(10.348)	38.948

(1) There is no fair value since associates are not

(2) Traded in the stock exchange. The current period financial information of Onko İlaç Sanayi ve Ticaret A.Ş., Koçsel İlaç Sanayi ve Ticaret A.Ş. and Rinerji Rize Elektrik Üretim A.Ş. has been provided from unaudited financial statements as of 31 December 2020. Prior period profit/loss information has been provided from audited financial statements as of 31 December 2019. The current period financial statement information of other subsidiaries has been obtained from the unaudited financial statements dated March 31, 2021, and the profit / loss figures for the previous period are obtained from the reviewed financial statements dated March 31, 2020.

10.2. Information on Consolidated Subsidiaries

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

	Description	Address (City/ Country)	The Bank's Share Percentage-if different Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul / Turkey	99,60	99,60
2	Ziraat Portföy Yönetimi A.Ş.	İstanbul / Turkey	74,90	99,80
3	Ziraat Katılım Bankası A.Ş. ^(*)	İstanbul / Turkey	100,00	100,00
4	Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul / Turkey	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	99,91	99,91
9	Kazakhstan Ziraat Int. Bank	Almaty / Kazakhstan	99,58	99,58
10	Ziraat Bank Azerbaycan ASC	Baku / Azerbaijan	99,98	100,00
11	Ziraat Bank Montenegro AD	Podgorica / Montenegro	100,00	100,00
12	JSC Ziraat Bank Georgia	Tbilisi / Georgia	100,00	100,00
13	Ziraat Bank Uzbekistan JSC	Tashkent / Uzbekistan	100,00	100,00

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

10. Information on Subsidiaries (Net) (Continued)

	Total Assets	Shareholder s' Equity	Total Non-Current Assets	Interest Income	Income from Marketable Securities	Current Period Profit / Loss	Prior Period Profit /Loss	Fair Value	Shareholder's equity amount needed
1	925.528	554.267	4.446	41.561	-	121.896	44.509	1.098.904	-
2	162.249	150.923	3.831	6.231	-	14.810	14.913	153.045	-
3	63.338.298	3.847.242	352.021	1.109.850	170.102	124.752	113.567	3.277.972	-
4	5.518.011	5.101.831	4.779.122	526	-	9.035	18.111	5.099.352	-
5	997.080	995.285	1.248	9.863	-	11.859	8.507	995.135	-
6	15.233.546	2.603.447	28.407	99.627	8.227	51.903	34.523	1.813.644	-
7	5.673.576	585.523	48.994	35.395	-	11.827	5.279	297.338	-
8	1.001.829	388.602	14.332	15.665	126	9.242	8.956	268.876	-
9	2.467.729	616.471	213.262	32.049	-	(17.272)	14.942	435.713	-
10	1.589.498	353.662	103.046	21.943	1.293	6.917	7.440	228.372	-
11	661.190	162.724	10.725	6.102	538	556	1.067	124.323	-
12	311.527	136.130	15.829	3.154	951	404	(2.301)	113.798	-
13	833.854	270.789	18.967	17.682	243	19.489	7.673	183.936	-

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

(2) Current period financial information has been provided from unaudited financial statements as of 31 March 2021. Prior period profit/loss information has been provided from audited financial statements as of 31 March 2020.

Information on consolidated subsidiaries

(reflects the values of the Parent Bank)

	Current Period	Prior Period
Balance at the Beginning of the Period	13.901.878	7.335.025
Movements During the Period	188.531	6.566.853
Additions to Scope of Consolidation	-	-
Purchases ⁽¹⁾	-	2.499.959
Bonus Shares Obtained	45.620	-
Dividends from current year income	-	-
Sales	-	-
Revaluation Increase ⁽²⁾	202.867	4.738.323
Impairment Provision (-)	59.956	671.429
Transfer (-) ⁽³⁾	-	-
Balance at the End of the Period	14.090.409	13.901.878
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 Subsidiaries and the Related Carrying Amounts

	Current Period	Prior Period
Banks	6.743.972	6.558.371
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	7.346.437	7.343.507

10.4. Subsidiaries Quoted to a Stock Exchange

None (31 December 2020: None).

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

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

Entities under Common Control (Joint Ventures)⁽¹⁾	Parent Bank's Share (%)	Group's Share (%)	Current Assets	Non-Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	50,00	50,00	5.691.028	23.993	10.421	51.943	21.708

⁽¹⁾ Information on entity under joint control is provided from the unaudited financial statements as of 31 March 2021.

12. Information on Lease Receivables

Information on receivables from financial leasing transactions

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	234.273	224.095	101.563	97.448
1-5 Years	5.185.835	4.641.419	4.664.859	4.133.051
More than 5 Years	1.649.902	1.391.448	1.166.870	915.678
Total	7.070.010	6.256.962	5.933.292	5.146.177

13. Information on Derivative Financial Assets for Hedging Purposes

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

14. Information on Investment Property

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

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

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

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

The Group’s immovables acquired amount to TL 5.375.894 (31 December 2020: TL 5.334.912) consisting of TL 8.090 (31 December 2020 TL 8.689) due to consumer loans, TL 5.240.912 (31 December 2020 TL 5.203.656) on its commercial loans and TL126.892 (31 December 2020 TL 122.567) on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL 3.205 (31 December 2020 TL 1.207)

16. Information on Tangible Assets

	Immovables	Immovables with Right of Use	Movables	Movables with Right of Use	Operational Leasing Development Costs	Other Tangibles	Total
Prior Period End							
Cost	10.823.747	1.035.150	1.663.895	240.018	332.258	-	14.095.068
Accumulated Depreciation (-)	874.064	191.392	1.138.675	96.935	287.401	-	2.588.467
Impairment (-)	2.153	-	618	-	-	-	2.771
Net Book Value	9.947.530	843.758	524.602	143.083	44.857	-	11.503.830
Current Period End							
Net Book Value at the Beginning of the Period	9.947.530	843.758	524.602	143.083	44.857	-	11.503.830
Change During the Period (Net)	44.062	4.326	53.234	(10.562)	1.285	-	92.345
- Cost	58.020	20.344	98.296	4.752	5.410	-	186.822
- Depreciation – net (-)	13.827	16.018	45.062	15.314	4.125	-	94.346
- Impairment (-)	131	-	-	-	-	-	131
Net Currency Translation from Foreign Subsidiaries	26.370	(1.734)	1.433	(1.143)	1.176	-	26.102
Cost at Period End	10.908.137	1.053.760	1.763.624	243.627	338.844	-	14.307.992
Accumulated Depreciation at Period End (-)	887.891	207.410	1.183.737	112.249	291.526	-	2.682.813
Impairment (-)	2.284	-	618	-	-	-	2.902
Closing Net Book Value	10.017.962	846.350	579.269	131.378	47.318	-	11.622.277

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

None.

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

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

None.

19. Information on Expected Credit Loss for Financial Assets

	Current Period	Prior Period
Cash and Balances at Central Bank	5.441	6.322
Banks and Receivables from Money Markets	9.413	6.855
Financial Assets Measured at Amortized Cost	5.297	5.335
Other Assets	42.976	74.615
Total	63.127	93.127

20. Information on Other Assets

As of 31 March, 2021, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES

1. Information on Deposits/Funds Collected

1.1 Information on Maturity Structure of Deposits

Current Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	49.824.324	-	9.597.951	97.783.649	22.227.225	3.261.404	6.153.045	205.731	189.053.327
Foreign Currency Deposits	92.160.528	-	26.482.553	105.006.565	17.246.044	16.236.101	42.815.406	11.194	299.958.391
Residents in Turkey	75.458.550	-	25.178.598	90.755.087	11.439.695	7.668.955	15.299.567	9.266	225.809.718
Residents Abroad	16.701.978	-	1.303.955	14.251.478	5.806.349	8.567.146	27.515.839	1.928	74.148.673
Public Sector Deposits	15.125.724	-	8.803.517	8.393.326	923.783	274.063	76.623	-	33.597.036
Commercial Deposits	17.871.804	-	24.703.856	28.424.548	1.197.098	3.443.092	7.458.148	-	83.098.546
Other Institutions Deposits	3.068.475	-	3.269.728	15.195.255	1.806.955	1.295.844	438.841	-	25.075.098
Precious Metals Deposit	37.525.140	-	787.285	7.948.783	683.113	389.838	310.499	-	47.644.658
Interbank Deposits	5.918.120	-	19.324.433	8.275.106	161.232	8.014.981	1.969.057	-	43.662.929
The CBRT	4.626	-	-	-	-	-	-	-	4.626
Domestic Banks	373.291	-	18.060.449	134.560	1.855	-	1.922.206	-	20.492.361
Foreign Banks	5.456.428	-	1.263.984	8.140.546	159.377	8.014.981	46.851	-	23.082.167
Participation Banks	83.775	-	-	-	-	-	-	-	83.775
Other	-	-	-	-	-	-	-	-	-
Total	221.494.115	-	92.969.323	271.027.232	44.245.448	32.915.323	59.221.619	216.925	722.089.985

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

1. Information on Deposits/Funds Collected (Continued)

Prior Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	48.014.520	-	7.562.276	91.260.511	20.510.140	2.843.804	5.568.085	209.210	175.968.546
Foreign Currency Deposits	90.996.954	-	23.352.900	103.448.833	17.035.980	13.237.413	40.367.364	10.170	288.449.614
Residents in Turkey	75.717.042	-	22.370.527	90.250.701	10.546.198	5.530.704	14.516.185	8.374	218.939.731
Residents Abroad	15.279.912	-	982.373	13.198.132	6.489.782	7.706.709	25.851.179	1.796	69.509.883
Public Sector Deposits	9.785.775	-	18.323.885	11.465.709	689.739	203.345	74.892	-	40.543.345
Commercial Deposits	17.896.366	-	22.287.509	32.520.742	548.261	3.587.070	2.241.276	-	79.081.224
Other Institutions Deposits	3.488.854	-	2.866.572	16.121.648	791.308	562.211	460.252	-	24.290.845
Precious Metals Deposit	37.776.374	-	726.639	7.339.550	539.658	369.773	304.493	-	47.056.487
Interbank Deposits	6.096.456	-	19.987.356	5.698.564	2.232.920	3.545.368	1.887.515	-	39.448.179
The CBRT	2.224	-	-	-	-	-	-	-	2.224
Domestic Banks	495.511	-	18.589.118	51.984	-	622	1.801.705	-	20.938.940
Foreign Banks	5.492.499	-	1.398.238	5.646.580	2.232.920	3.544.746	85.810	-	18.400.793
Participation Banks	106.222	-	-	-	-	-	-	-	106.222
Other	-	-	-	-	-	-	-	-	-
Total	214.055.299	-	95.107.137	267.855.557	42.348.006	24.348.984	50.903.877	219.380	694.838.240

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

	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits ⁽¹⁾	119.732.161	114.341.657	68.353.383	60.801.597
Foreign Currency Saving Deposits ⁽¹⁾	93.918.170	93.780.765	152.223.471	136.623.674
Other Deposits in the form of Saving Deposits	-	-	-	-
Foreign Branches' Deposits under Foreign Authority Insurance ⁽²⁾	2.286.404	2.089.213	828.352	638.133
Off-Shore Banking Regions' under Foreign Authorities' Insurance	-	-	-	-

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

(3) In Bulgaria and Greece, since both real person and legal entity's saving deposits are under the guarantee of insurance and since such balances included in insurance limit are calculated by the system, the legal entity saving deposits amounting to TL 772.238 and TL 31.557 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2020: TL 562.575 and TL 30.001).

Based on the Council of Minister's decree dated 29 December 2003 and numbered 2003/6668, TL 508 (31 December 2020: TL 511) of demand deposits is not included in the above calculation, since the Parent Bank paid the saving deposits amount attributable to T. İmar Bank T.A.Ş.

Savings Deposit Insurance Fund premiums are calculated based on deposit amount attributable to real persons in domestic branches of the banks. As total of capital amount and interest expense accruals of saving deposits up to TL 150 attributable to a real person is covered by the insurance, TL 1.937.142 (31 December 2020: TL 1.508.273) of interest expense accrual is included in the above-mentioned figures in accordance with the Communiqué on Insurance Deposits and Participation Funds and Premiums Collected by the Savings Deposit Insurance Fund published in the Official Gazette dated 15 February 2013 and numbered 28560.

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

1. Information on Deposits/Funds Collected (Continued)

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

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

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

	Current Period	Prior Period
Deposits and other Accounts in Branches Abroad	7.048	5.865
Deposits of Ultimate Shareholders and Their Close Family Members	-	-
Deposits of Chairman and Members of the Board of Directors, CEO, Executive Vice Presidents and Their Close Family Members	34.085	33.185
Deposits Obtained through Illegal Acts Defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004	-	-
Saving Deposits in Banks Established in Turkey Exclusively for Off-Shore Banking Activities	-	-

2. Negative Differences Statement Regarding Trading Derivative Financial Assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	188.050	5.699	46.748	549
Swap Transactions	269.449	2.815.409	1.417.814	2.021.850
Futures Transactions	3.925	-	-	-
Options	-	75	-	-
Other	-	-	-	-
Total	461.424	2.821.183	1.464.562	2.022.399

3. Information on Borrowings

3.1. Information on Banks and Other Financial Institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	-	-	-	-
From Domestic Banks and Institutions	500.121	5.786.460	1.165.521	5.113.189
From Foreign Banks, Institutions and Funds	31.630	33.411.575	228.249	30.661.592
Total	531.751	39.198.035	1.393.770	35.774.781

3.2. Information on Maturity Structure of Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	499.212	3.379.106	1.164.557	2.939.194
Medium and Long-Term	32.539	35.818.929	229.213	32.835.587
Total	531.751	39.198.035	1.393.770	35.774.781

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

3. Information on Borrowings (Continued)

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

66,96% of the Group’s total liabilities and shareholders’ equity consist of deposits. Deposits have a diversified base and have steady structures. The Group’s liabilities are not subject to a significant concentration risk.

4. Information on Money Market Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Transactions	118.874.656	-	94.932.803	-
Financial Institutions and Organizations	118.396.030	-	93.973.463	-
Other Institutions and Organizations	470.419	-	950.313	-
Real Person	8.207	-	9.027	-
From Overseas Operations	-	27.641.458	-	23.569.739
Financial Institutions and Organizations	-	27.641.458	-	23.569.739
Other Institutions and Organizations	-	-	-	-
Real Person	-	-	-	-
Total	118.874.656	27.641.458	94.932.803	23.569.739

5. Information on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bills	-	285.883	-	-
Asset-Backed Securities	3.316.148	-	4.017.250	-
Treasury Bonds	1.010.347	19.878.166	1.010.353	13.346.012
Total	4.326.495	20.164.049	5.027.603	13.346.012

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

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

7. Information on Finance Lease Liabilities (Net)

Information on finance lease liabilities represented in the table below:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	63.435	40.442	110.268	61.690
Between 1-4 Years	463.522	407.472	736.107	413.059
More than 4 Years	910.466	544.480	816.332	526.614
Total	1.437.423	992.394	1.662.707	1.001.363

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

8. Information on the Hedging Derivative Financial Liabilities

There are no hedging derivative financial liabilities.

9. Information on Provisions

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

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

9.2. Liabilities on Reserve for Employee Termination Benefits

9.2.1. Severance Pay and Unused Vacation Rights

The Group accounts for its vacation and retirement pay obligations in accordance with the TAS 19 “Employee Benefits”. The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 31 March 2021, unpaid vacation liability amounted to TL 370.069 and employment termination amounted to TL 1.378.675 are presented under the “Employee Benefits Provision” in the financial statements (31 December 2020: unpaid vacation liability amounted to TL 290.280, and employment termination amounted to TL 1.256.959 are presented under the “Employee Benefits Provision” in the financial statements).

9.3. Information on Other Provisions

Except for the requirements of BRSA Accounting and Financial Reporting Legislation, the Group management provided free provision of TL 3.505.000, all of which were written off in previous periods. Moreover, the provision of TL 40.750 and other provision of TL 157 exist for cash transfers made by Bank officials. The Parent Bank has provided provision amounting to TL 1.933.077 for possible losses arising from the off-balance sheet items. (31 December 2020: These financial statements include a free provision amounting to TL 3.505.000 which consist of TL 910.000 provided in prior year and TL 2.630.000 reversed and TL 35.000 canceled in the current year by the Group management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation. Moreover, the provision of TL 40.750 and other provision of TL 157 exist for cash transfers made by the Group officials. The Parent Bank has provided provision amounting to TL 1.927.597 for non-cash loans.)

Regarding the Parent Bank’s lawsuit files, a total amount of TL 96.589 provision has been provided in financial statements for the lawsuits against the Parent Bank which are not finalized yet. (31 December 2020: TL 92.766)

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

10. Explanations on Tax Liability

10.1. Explanations on Current Tax Liability

10.1.1. Information on Taxes Payable

As of 31 March 2021, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 770.119 (As of 31 December 2020, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 978.761).

10.1.2. Information on Current Taxes Payable

	Current Period	Prior Period
Corporate Tax Payable	770.119	978.761
Taxation on Marketable Securities	276.824	286.356
Property Tax	2.227	1.862
Banking Insurance Transaction Tax (BITT)	288.329	261.298
Foreign Exchange Transaction Tax	16.994	20.902
Value Added Tax Payable	22.782	21.524
Other	174.032	157.295
Total	1.551.307	1.727.998

10.1.3. Information on Premium Payables

	Current Period	Prior Period
Social Security Premiums – Employee	107	63
Social Security Premiums – Employer	142	93
Bank Social Aid Pension Fund Premium - Employee	52.867	17.743
Bank Social Aid Pension Fund Premium - Employer	77.451	26.008
Pension Fund Membership Fees and Provisions – Employee	1	2
Pension Fund Membership Fees and Provisions – Employer	3	4
Unemployment Insurance – Employee	3.921	1.384
Unemployment Insurance - Employer	7.840	2.768
Other	-	-
Total	142.332	48.065

10.2. Information on Deferred Tax Liabilities, if any

The Group has TL 7.896 deferred tax liability. (31 December 2020: TL 7.128)

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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 fixed assets debt related to the activities held and discontinued for sale. (31 December 2020: None)

12. Information on Subordinated Loan

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	-	14.922.581	-	13.816.234
Subordinated loans	-	831.815	-	768.037
Subordinated debt instruments	-	14.090.766	-	13.048.197
Debt instruments to be included in contribution capital calculation	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Total	-	14.922.581	-	13.816.234

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

13. Information on Shareholders’ Equity

13.1. Presentation of Paid-In Capital

	Current Period	Prior Period
Common stock	13.100.000	13.100.000
Preferred stock	-	-

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

The Parent Bank does not have a registered capital system.

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

There are no capital increases in the current period

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

There is no share capital amount included in capital.

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

The Parent Bank has no capital commitments.

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

13. Information on Shareholders’ Equity (Continued)

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

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

13.7. Information on Privileges Given to Shares Representing the Capital

The Parent Bank has no preferred shares.

13.8. Information on Marketable Securities Value Increase Fund

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities under Common Control (Joint Ventures)	47.442	(24.631)	356.498	(24.632)
Valuation Difference	2.252.464	(5.235.803)	3.563.047	956.442
Foreign Currency Differences	2.262.057	42.577	2.262.057	187
Total	4.561.963	(5.217.857)	6.181.602	931.997

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

1. Explanations on Off-Balance Sheet Commitments

1.1. Nature and Amount of Irrevocable Loan Commitments

	Current Period	Prior Period
Asset Purchase Commitments	13.564.797	14.252.453
Subsidiaries and Associates Capital Contribution Commitments	3.150	3.150
Loan Granting Commitments	15.947.987	14.730.515
Commitments for Cheques Payments	6.312.642	5.098.875
Commitments for Credit Card Expenditure Limits	51.519.118	44.677.624
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	72.216	68.632
Tax and Fund Liabilities from Export Commitments	19.069	16.428
Other Irrevocable Commitments	21.846.845	21.014.255
Total	109.285.824	99.861.932

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

The Group has provided provision amounting to TL 1.933.077 for possible losses arising from the off-balance sheet items in the current period. (31 December 2020: TL 1.927.597).

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(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	137.379.774	124.706.662
Letters of Credit	32.519.132	24.663.278
Bank Acceptances	7.990.816	7.210.528
Endorsements	1.826.583	1.520.463
Other Guarantees	1.990.106	1.939.522
Other Collateral	9.629	13.550
Total	181.716.040	160.054.003

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

	Current Period	Prior Period
Letters of Certain Guarantees	80.283.050	72.970.790
Letters of Advance Guarantees	22.385.855	19.941.194
Letters of Temporary Guarantees	4.155.641	4.240.556
Letters of Guarantees Given to Customs Offices	1.686.135	1.714.398
Other Letters of Guarantees	28.869.093	25.839.724
Total	137.379.774	124.706.662

1.3. Explanations on Non-Cash Loans

1.3.1. Total Non-Cash Loans

	Current Period	Prior Period
Non-Cash Loans for Providing Cash Loans	24.670.330	21.758.344
With Original Maturity of One Year or Less	12.354.697	11.012.186
With Original Maturity of More than One Year	12.315.633	10.746.158
Other Non-Cash Loans	157.045.710	138.295.659
Total	181.716.040	160.054.003

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

1. Interest Income

1.1. Information on Interest Income from Loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans ⁽¹⁾	14.183.769	2.368.564	11.123.277	2.249.369
Short Term Loans	3.363.785	230.448	2.513.327	178.798
Medium and Long-Term Loans	10.548.086	2.134.385	8.333.046	2.069.243
Interest on Loans Under Follow-Up	271.898	3.731	276.904	1.328
Premiums Received from the Resource Utilization Support Fund	-	-	-	-

⁽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. Interest Income (Continued)

1.2. Information on Interest Income on Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
From Central Bank of the Republic of Turkey	-	-	-	-
From Domestic Banks	15.801	8.769	1.473	3.983
From Foreign Banks	6.715	13.750	8.636	16.339
From Headquarters and Branches Abroad	-	-	-	-
Total	22.516	22.519	10.109	20.322

1.3. Information on Interest Income on Marketable Securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	17.315	45.667	20.140	8.393
Financial Assets at Fair Value Through Other Comprehensive Income	3.060.673	1.124.674	2.492.513	583.236
Financial Assets Measured at Amortized Cost	302.934	244.954	151.777	187.038
Total	3.380.922	1.415.295	2.664.430	778.667

1.4. Information on Interest Income Received from Associates and Subsidiaries

	Cari Dönem	Önceki Dönem
Interest Income from Subsidiaries and Associates	31.926	6.120

2. Interest Expense

2.1. Information on Interest Expense on Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	42.653	207.694	86.495	271.432
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	6.388	38.620	62.510	43.483
Foreign Banks	36.265	169.074	23.985	227.949
From Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	638	12.285	8.746
Total	42.653	208.332	98.780	280.178

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

2.2. Information on Interest Expenses Given to Associates and Subsidiaries

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	8.244	3.283

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(Continued)**

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

2. Interest Expense (Continued)

2.3. Information on Interest Given on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expense on Securities Issued	192.682	396.551	174.411	262.602

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

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	-	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 Notification	-	-	-	-	-	-	-	-
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

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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	85.428.520	37.424.567
Trading Gains on Securities	92.886	946.330
Gains on Derivative Financial Transactions	3.166.039	3.031.167
Foreign Exchange Gains	82.169.595	33.447.070
Loss (-)	87.885.404	39.552.617
Trading Losses on Securities	92.074	3.563
Losses on Derivative Financial Transactions	6.020.347	4.535.552
Foreign Exchange Losses	81.772.983	35.013.502

4. Information on Other Operating Income

Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 1.121.226 and income from sales of assets amounting to TL 104.880 (31 March 2020: 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).

5. Expected Credit Loss and Other Provision Expense

	Current Period	Prior Period
Expected Credit Loss Provision	1.852.968	2.085.617
12-month Expected Credit Loss (stage 1)	145.861	218.963
Significant Increase in Credit Risk (stage 2)	779.137	399.684
Non-Performing Loans (stage 3)	927.970	1.466.970
Marketable Securities Impairment Expense	70.132	2.553
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	70.132	2.553
Associates, Subsidiaries and Entities Under Common Control Impairment Provision	-	-
Associates	-	-
Subsidiaries	-	-
Entities Under Common Control	-	-
Other (*)	50.610	940.859
Total	1.973.710	3.029.029

(*) Includes free provision expense amounting to TL 910.000 in the prior period.

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

6. Information Related to Other Operating Expenses

	Current Period	Prior Period
Reserve for Employee Termination Benefits	120.411	74.347
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	140.221	111.726
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	47.663	35.500
Impairment Expense of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Resale	-	-
Depreciation Expenses of Assets Held for Resale	-	-
Impairment Expenses for Non-Current Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	1.097.536	942.495
Leasing Expenses on TFRS 16 Exceptions	20.933	20.555
Maintenance Expenses	50.299	35.183
Advertisement Expenses	56.872	59.260
Other Expenses	969.432	827.497
Loss on Sales of Assets	955	1.031
Other ⁽¹⁾	805.315	995.931
Total	2.212.101	2.161.030

⁽¹⁾ TL 369.981 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 239.320 consists of taxes, duties and charges expense (31 March 2020: 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)

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

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

	Current Period	Prior Period
Net Interest Income	6.874.593	9.571.329
Net Fees and Commissions Income	1.275.790	753.070
Other Operating Income	1.498.853	853.177
Dividend Income	5.348	1.071
Trading Profit/Loss (Net)	(2.456.884)	(2.128.050)
Personnel Expenses (-)	1.343.323	1.074.705
Expected Credit Loss (-)	1.852.968	2.085.617
Other Provision Expenses (-)	120.742	943.412
Other Operating Expenses (-)	2.212.101	2.161.030
Profit/Loss from Investments in Subsidiaries Consolidated based on Equity Method	13.451	10.417
Profit / (Loss) From Continuing Operations	1.682.017	2.796.250

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

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

8. Information on Tax Provision of Continued and Discontinued Operations

As of March 31 2021, TL 341.587 of the Group's tax provision expense consists of TL 840.599 of current tax expense and TL 499.012 of deferred tax expense. (As of 31 March 2020, TL 830.417 of the Group's's total tax provision expense consists of amounting to TL 552.699 current tax expense while remaining balances amounting to TL 277.718 consists of deferred tax income.)

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

The Group's net continuing operations income amounts to TL 1.340.430 (31 March 2020: TL 2.456.501)

10. Explanation on Net Profit/Loss

10.1. Nature, Amount and Frequency of Income and Expenses Arising from Ordinary Banking Activities, if Required for the Understanding the Performance of the Parent Bank in the Current Period

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

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

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

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

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

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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

1.1 Information on the Deposits of the Parent Bank's Risk Group

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Current Period						
Loans						
Beginning Balance	1.138.436	27.516	-	-	-	-
Ending Balance	1.520.917	95.605	-	-	-	-
Interest and Commissions Income	31.926	322	-	-	-	-

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	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Prior Period						
Loans						
Beginning Balance	317.906	87.558	-	-	-	-
Ending Balance	1.138.436	27.516	-	-	-	-
Interest and Commissions Income	2.729	115	-	-	-	-

1.2 Information on Deposits of the Group’s Risk Group

Risk Group of The Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of The Parent Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Beginning Balance	283.286	111.739	-	-	-	-
Ending Balance	233.790	283.286	-	-	-	-
Interest Expense on Deposits	8.244	289	-	-	-	-

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

None. (31 December 2020: None)

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

Fees paid to The Group’s key management amount to TL 14.464 (31 March 2020: TL 10.359).

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
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VI EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

In accordance with Law No. 7316 published in the Official Gazette dated April 22, 2021, the Corporate Tax rate has been increased to 25% for the taxation period of 2021, starting from the declarations that must be submitted as of July 1, 2021 and to be valid for the taxation period starting from January 1, 2021. This rate will be applied as 23% for the 2022 taxation period. The change in the Corporate Tax rate does not have a significant effect on the financial statements dated March 31, 2021.

The Parent Bank's wholly owned subsidiary, Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş., has 1.173.405.000 units of B group bearer shares with a nominal value of TL 1.00 each, corresponding to TL 1.173.405. In accordance with the Price Determination Report prepared in accordance with the relevant communiqué and provisions of the CMB, it was offered to the public with a fixed price of 1.60 TL on April 28-30, 2021 and started to be traded on Borsa Istanbul A.Ş. as of May 6, 2021. Within the scope of the public offering made with the financial statements of the end of 2020, the capital of Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş. has been increased from TL 3.520.215 to TL 4.693.620 by paying in cash, within the registered capital ceiling of TL 7.000.000 specified in the Company's Articles of Association.

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SECTION SIX

I. EXPLANATIONS ON AUDIT REPORT

As of 31 March 2021, consolidated financial statements and explanatory notes of the Parent Bank disclosed herein were reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and Auditors’ Report dated 11 May, 2021 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

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SECTION SEVEN

EXPLANATION ON INTERIM ACTIVITY REPORT

I. Chairman's assessment

We have left behind a one-year period in which we struggled with difficult conditions during the pandemic process all over the world. While the pandemic process continued, the global economy, which started 2021 with hope with positive developments regarding the vaccine, continued to recover with the contribution of the continuation of monetary and financial incentives and the adaptation process of economies to the new normal. However, the risk of mutation of the virus and imbalances in access to the vaccine signaled that uncertainties will remain with us for a while and that the simultaneous growth pace between countries will be difficult to catch.

In the first quarter of 2021, although countries occasionally increase their coronavirus restrictions and put pressure on contact-intensive sectors, the economies not going to close completely with the experience gained has led to the continuation of the improvement in the manufacturing industry and global trade. The IMF continued to upwardly update its global growth forecasts for this year, with the support of additional fiscal stimulus packages in developed economies and expectations for a vaccine-backed recovery. Despite the increase in inflation expectations following the improvement in growth expectations, the ongoing uncertainties due to the epidemic and the depth of economic problems brought about by the epidemic showed the need for the continuity of incentives.

The Turkish economy grew by 1.8% last year with the support of comprehensive and effective measures put in place by regulatory agencies. Data for the first quarter of this year also gave positive signals regarding growth. It was observed that the Turkish economy remained above its potential in the first quarter, with the contribution of domestic and foreign demand. Expectations of a double-digit growth in the second quarter of the year with the base effect also continued.

The predictions for the whole of 2021 continued to be positive. Particularly, it is thought that significant progress in vaccination in the second half of the year and the pronounced recovery in our important trade partner European countries will support the growth outlook. While the record-breaking start of our exporters in 2021 gives hope for the rest of the year, depending on the course of the epidemic, it is evaluated that we can end the year close to our potential growth with the support from the tourism channel.

The IMF also maintained its growth expectation for the Turkish economy at 6% this year in its latest estimates published in April. According to the IMF's evaluations, the Turkish economy was among the countries expected to grow the fastest in 2021, along with China, India and the USA.

Ziraat Bank provides a significant financing contribution to our country's economy by making up the majority of its balance sheet size, approaching 1 trillion TL, from loans. The majority of loans are composed of corporate loans, and effective financing support is provided to all sectors, especially agriculture, and a selective loan strategy that supports manufacturing, employment and current account balance.

Offering the most appropriate financial solutions to its customers everywhere and at any time with its extensive domestic branch network, digital banking investments, service network abroad and its non-banking subsidiaries, Ziraat Bank continues to increase its contribution to the economy while continuing to grow steadily with a focus on efficiency will.

Burhaneddin TANYERİ
Chairman of the board

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EXPLANATION ON INTERIM ACTIVITY REPORT (Continued)

II. Assessment of General Manager

We have completed the first quarter in which the effects of intense global political and geopolitical developments in 2020 , monetary and financial policy implications and especially the pandemic will continue to be experienced in 2021.

Ziraat Bank mainly aims at financing the real sector through loans, and 63% of our balance sheet, reaching a size of TL 1 trillion, consists of cash loans. Our cash loans reached TL 628 billion , and the total amount of lending we have provided to our economy, including non-cash loans, has reached approximately TL 790 billion . The loan allocations are mainly in TL.

We always provide effective financing to all sectors, especially the agriculture. We apply a selective credit strategy in loan disbursement in a way that contributes to manufacturing, employment and current account balance. Within this framework, loan disbursements are made in a way that will make the maximum contribution to the economy by designing appropriate loan packages. Within the framework of our strategy of providing more support to production, the sector we provide the most support after the agriculture sector is the manufacturing sector.

In the agricultural sector, we consider the whole process from farm to table as a whole, and we support all actors of agriculture, starting with the smallest farmer. We continue to support agriculture with the goals of more industrialization of agriculture, making agricultural production more efficient and sustainable, contributing to the current account balance, and ensuring that small-scale farmers and agricultural enterprises have access to finance more easily and under suitable conditions. We carry out joint studies with all relevant institutions and organizations not only for the financing of agriculture but also for the solution of structural problems. We also play an important role in solving structural problems with practices such as agricultural training for young farmers, transportation of agricultural products to the consumer under the most favorable conditions, and the " I Have a Flock of Reason to Live in My Village " project for the development of animal husbandry.

Within the scope of our strategy to support the real sector, approximately 75% of our loans consist of corporate loans. However, we continue to be the leading bank in the sector in retail loans as well. We have an important market share in the sector, especially in housing loans.

Our main funding source in financing our assets, which is predominantly composed of loans, is deposits. We also make a significant contribution to the improvement of our country's savings balance with various deposit products. In order to contribute to the reduction of our country's savings deficit, we have an important role in receiving external funds . The amount of funds we have obtained from abroad with various products and methods such as post financing loans, syndication loans and funds received through foreign currency repo, bilateral agreements, international financial institutions, eurobond issuance has reached 13 billion USD. In February, we issued a sustainability bond of USD 600 million within the framework of the sustainability vision that includes environmental and social approaches. In April, we renewed our syndicated loan of USD 1,1 billion as USD 1,3 billion with the participation of 45 international banks from 23 countries,

With our own credit card brand Bankkart, we have achieved a significant improvement in recent years and our turnover market share reached 10%. While our turnover market share within the scope of member workplaces reaches 15%, our sector leadership continues with 22% market share in debit cards. This improvement in the card business will continue in the upcoming period.

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EXPLANATION ON INTERIM ACTIVITY REPORT (Continued)

II. Assessment of General Manager (Continued)

We have provided the necessary opportunity to retire to approximately 12 thousand insured persons who cannot retire due to their premium debt. In addition, we made a promotion payment of TL 2.7 billion for our retired customers in the first quarter of the year.

While improving the working conditions and business processes of our branches, we continue to continuously improve our investments in internet banking, mobile banking, call center and ATM channels. By simplifying and centralizing operational processes, we ensure faster processing and efficiency. Recently, we have opened FAST, ‘Easy Adress’ and TR QR Code applications for the use of our customers.

During the pandemic period, we effectively met the transactions and financing needs of our customers by taking the necessary precautions, organizing the working environment, keeping all our branches open and the devoted activities of our employees. During this period, we continue our activities in the most efficient and healthiest way.

In addition to the widespread domestic branch network, we aim to be among the leading banks in digital banking applications. We, as Ziraat Finance Group, continue our efforts to meet all financial needs of our customers in the best way, anywhere and anytime, with an efficiency-oriented approach, with our subsidiaries in various financial fields in Turkey, as well as our subsidiary banks abroad and our branches abroad.

Alpaslan ÇAKAR
Member of the Board and CEO

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EXPLANATION ON INTERIM ACTIVITY REPORT (Continued)

III. Corporate Profile

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

Always alongside the farmers, the trader, the businessperson, the industrialist, the entrepreneur, the retired and the employee, producing effective financial solutions to meet all financial needs of them, the Bank increases its competitive power with its ability to provide end-to-end financial services. Ziraat Bank uses its competitive power for the domestic economy and financial solutions that offer value to its customers from all segments.

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

Ziraat Bank, has the most extensive service network in Turkey’s the banking sector, serves as the sole bank in nearly 400 towns and villages in Turkey.

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

IV. Shareholding Structure

The paid in capital of T.C. Ziraat Bank is TL 13.100.000.000. The Parent Bank's sole shareholder is Turkish Wealth Fund

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

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EXPLANATION ON INTERIM ACTIVITY REPORT (Continued)

V. Main Financial Indicators

ASSETS (TL Million)	31.03.2021	31.12.2020
Cash and Cash Equivalents	121.983	104.967
Securities Portfolio	244.926	233.215
Cash Loans	687.178	657.510
Other Assets	24.375	22.841
Total Assets	1.078.462	1.018.533
LIABILITIES (TL Million)	31.03.2021	31.12.2020
Deposits	722.090	694.838
Non-deposits Funds	225.659	187.861
Other Liabilities	41.819	40.760
Shareholders' Equity	88.894	95.074
Total Liabilities	1.078.462	1.018.533
CHOSEN INCOME-EXPENSES (TL Million)	31.03.2021	31.03.2020
Net Interest Income	6.875	9.571
Net Fees and Commission Income	1.276	753
Other Operations Income	1.499	853
Other Operations Expense	2.212	2.161
Expected loss provision	1.853	2.086
Net Profit/Losses	1.340	2.457
RATIOS (%)	31.03.2021	31.12.2020
Capital Adequacy Ratio	16,75	17,25
Equity / Total Assets	8,2	9,3
Cash Loans (Gross) / Total Assets	63,7	64,6
Loans under follow-up (Gross) / Total Loans	2,4	2,5
Liquid Assets / Total Assets	11,3	10,3

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