

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI  
ANONİM ŞİRKETİ**

**PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL  
STATEMENTS AND RELATED DISCLOSURES  
AT 30 SEPTEMBER 2020 WITH  
AUDITOR'S REVIEW REPORT**

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



## AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

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

### *Introduction*

We have reviewed the unconsolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi ("the Bank") at 30 September 2020 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial information based on our review.

### *Scope of Review*

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

### *Basis for the Qualified Conclusion*

As mentioned in Section Five Part II. 9.3 of Explanations and Notes to the Unconsolidated Financial Statements; the accompanying unconsolidated financial statements as at 30 September 2020 include a free provision amounting to TL 2.840.000 thousand which consist of TL 830.000 thousand provided in prior periods and TL 2.010.000 thousand recognized in the current period by the Bank 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 unconsolidated 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 unconsolidated financial information do not present fairly in all material respects the unconsolidated financial position of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi at 30 September 2020 and the results of its unconsolidated operations and its unconsolidated cash flows for the nine-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

### *Other matter*

The unconsolidated financial statements of the Bank as at and for the year ended 31 December 2019 and as at and for the nine month period ended 30 September 2019 were audited and reviewed by another auditor who expressed an qualified opinion and qualified conclusion based on the reason represented in the section “Basis for the Qualified Conclusion” above thereon on 12 February 2020 and 12 November 2019, respectively.

### *Report on other regulatory requirements arising from legislation*

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section Seven, is not consistent with the reviewed unconsolidated 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 unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated 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, 4 November 2020



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

**THE UNCONSOLIDATED FINANCIAL AUDIT REPORT OF  
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 30 SEPTEMBER 2020**

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 unconsolidated financial report for the nine month period ended prepared in accordance with the "Communiqué on the Financial Statements and Related Policies and Disclosures to be Publicly Announced" as regulated by the Banking Regulation and Supervision Agency, is consist of the section listed below:

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

The accompanying unconsolidated financial statements and notes to these financial statements for the nine 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.

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Dr. Ahmet GENÇ  
Chairman of the Board

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Hüseyin AYDIN  
Member of the Board,  
CEO

---

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

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

---

Bilgehan KURU  
Executive Vice President of  
Financial Management

---

Neslihan ARAS  
Senior Vice President of Financial  
Coordination

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

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

**SECTION ONE**  
**General Information about the Bank**

		Page Number
I.	History of the Bank including its incorporation date, initial legal status and amendments to legal status	1
II.	Explanation about the Bank's capital structure, shareholders of the Bank who are in charge of the management and/or auditing of the Bank directly or indirectly, changes in these matters (if any) and the group the Bank belongs to	1
III.	Information on the Board of Directors, members of the audit committee, CEO and executive vice presidents, changes in these matters (if any) and shares of the Bank they possess	1
IV.	Information about the persons and institutions that have qualified shares attributable to the Bank	2
V.	Summary information on the Bank's activities and services	2
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	2-3
VII.	Current or Likely, Actual or Legal Barriers To Immediate Transfer of Equity or Repayment of Debts Between Bank and its subsidiaries	3

**SECTION TWO**  
**Unconsolidated Financial Statements**

I.	Balance sheet- assests	5
II.	Balance sheet- liabilities and equity	6
III.	Statement of off-balance sheet commitments	7
IV.	Statement of profit or loss	8
V.	Statement of profit or loss and other comprehensive income	9
VI.	Statement of changes in shareholders' equity	10-11
VII.	Statement of cash flows	12

**SECTION THREE**  
**Explanations on Accounting Policies**

I.	Basis of presentation	13-14
II.	Explanations on strategy of using financial instruments and foreign currency transactions	15
III.	Explanations on equity investments	15
IV.	Explanations on forward transactions, options and derivative instruments	16
V.	Explanations on interest income and expense	16
VI.	Explanations on fee and commission income and expense	16
VII.	Explanations on financial assets	17-18
VIII.	Explanations on impairment of financial assets	19-21
IX.	Explanations on offsetting of financial instruments	22
X.	Explanations on sales and repurchase agreements and securities lending transactions	22
XI.	Information on non-current assets or disposal groups 'held for sale' and related to discontinued operations explanations on liabilities related with these assets	22
XII.	Explanations on goodwill and other intangible assets	22-23
XIII.	Explanations on property and equipment	23
XIV.	Explanations on leasing transactions	24
XV.	Explanations on provisions, contingent asset and liabilities	25
XVI.	Explanations on obligations related to employee rights	25-27
XVII.	Explanations on taxation	27-29
XVIII.	Explanations on borrowing	29
XIX.	Explanations on issuance of share certificates	29
XX.	Explanations on avalized drafts and acceptances	29
XXI.	Explanations on government grants	30
XXII.	Cash and cash equivalents	30
XXIII.	Explanations on segment reporting	30
XXIV.	Explanations on other matters	30

**SECTION FOUR**  
**Explanations Related to the Financial Position and Risk Management of the Bank**

I.	Explanations on the components of shareholders' equity	31-38
II.	Explanations on the currency risk	38-41
III.	Explanations on the interest rate risk	42-44
IV.	Explanations on the position risk of equity instruments	45
V.	Explanations on liquidity risk management and liquidity coverage ratio	46-51
VI.	Explanations on leverage ratio	52
VII.	Explanations on risk management	53
VIII.	Explanations on operating segments	54-56

**SECTION FIVE**  
**Information and Disclosures Related to Unconsolidated Financial Statements**

I.	Explanations and notes related to assets	57-72
II.	Explanations and notes related to liabilities	73-79
III.	Explanations and notes related to off-balance sheet accounts	80
IV.	Explanations and notes related to statement of profit or loss	81-85
V.	Explanations and notes related to risk group that the Bank belongs to	86-87
VI.	Explanations and notes related to subsequent events	87

**SECTION SIX**  
**Explanations on Auditor's Review Report**

I.	Explanations on independent auditor's reviewreport	88
II.	Explanations and notes prepared by independent auditors	88

**SECTION SEVEN**  
**Explanation on Interim Activity Report**

I.	Assessment of Chairman	89
II.	Assessment of General Manager	90
III.	Corporate Profile	90
IV.	Shareholding Structure	90
V.	Main Financial Indicators	91
VI.	2020 III. Interim Period Operations	92-95
VII.	Other Important Activities	95-98

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**SECTION ONE**

**GENERAL INFORMATION ABOUT THE BANK**

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

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

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

The total share capital of the Bank is TL 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 Bank’s sole shareholder is the Turkish Wealth Fund.

The decision to increase the capital to TL 13.100.000 was approved at the Bank’s Extraordinary General Assembly Meeting held on 15 May 2020, and the capital increase and the amendment made in the related article of the Articles of Association were registered on 21 May 2020. It was announced in the Trade Registry Gazette No. 10084 dated 27 May 2020. Accounting for the capital increase was made on 21 May 2020 based on the permission from the BRSA.

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

<b>Name</b>	<b>Administrative Function</b>
<b>Members of the Board of Directors</b>	
Dr. Ahmet GENÇ	Chairman
Hüseyin AYDIN	CEO and Member
Veysi KAYNAK <sup>(1)</sup>	Vice Chairman and Member
Faruk ÇELİK	Member
Feyzi ÇUTUR	Member
Mahmut KAÇAR	Member
Mehmet Nihat OMEROGU	Member
Serruh KALELI	Member
Yusuf BILMEZ	Member
<b>Audit Committee Members</b>	
Feyzi ÇUTUR	Member
Mahmut KAÇAR <sup>(2)</sup>	Member
<b>Executive Vice Presidents</b>	
Ali KIRBAŞ	Banking Operations and Communication
Alpaslan ÇAKAR	Retail Branch Banking-2
Bilgehan KURU	Financial Management
Mehmet Cengiz GÖGEBAKAN	Loan Policies
Musa ARDA	Loan Allocation and Management
Süleyman TÜRETKEN	Retail Branch Banking-1
Yüksel CESUR	Internal Systems

<sup>(1)</sup> At the Ordinary General Assembly meeting of the Bank held on 12 June 2020, he was appointed in place of Yusuf Dağcan and started his duty as of 16 June 2020.

<sup>(2)</sup> At the Ordinary General Assembly meeting of the Bank held on 12 June 2020, he was appointed in place of Yusuf Bilmez and started his duty as of 12 June 2020.

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**GENERAL INFORMATION ABOUT THE BANK (Continued)**

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

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

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

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

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

As of 30 September 2020, Bank carries its activities with a grand total of 1.758 branches; 1.734 domestic branches including 19 corporate branches, 65 entrepreneurial branches, 1.645 branches and 5 mobile branches (31 December 2019: 1.734 domestic branches including 1.643 branches, 19 corporate branches, 67 entrepreneurial branches, 5 mobile branches) and 24 branches abroad which are London branch in England, Baghdad and Arbil branches in Iraq, Athens, Komotini, and Xanthi branches in Greece, Sofia, Plovdiv, Kardzhali and Varna branches in Bulgaria, Jeddah branch in Saudi Arabia, Prishtina, Prizren, Peja and Ferizaj branches in Kosovo, Bahrain branch in Bahrain, Lefkoşa, Girne, Güzelyurt, Gazimağusa, Gönyeli, Taşkinköy, Karaoğlanoğlu and İskele branches in Turkish Republic of Northern Cyprus. The Bank also has 1 representative office in Tehran, Iran. As of 30 September 2020, the Bank’s number of employee is 24.350 (31 December 2019: 24.563).

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

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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**GENERAL INFORMATION ABOUT THE BANK (Continued)**

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

As Ziraat Teknoloji A.Ş., Onko İlaç Sanayi ve Ticaret A.Ş. and Koçsel İlaç Sanayi ve Ticaret A.Ş. which are non-financial subsidiaries of the Bank, are not consolidated in the consolidated financial statements of the Bank in accordance with Communiqué of the Preparation Consolidated Financial Statements. Moreover, Kredi Kayıt Bürosu, Bankalararası Kart Merkezi, 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 Bank which are carried at cost are not consolidated in the consolidated financial statements.

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 BANK AND ITS SUBSIDIARIES**

None.



## **SECTION TWO**

### **UNCONSOLIDATED FINANCIAL STATEMENTS**

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF  
30 SEPTEMBER 2020**

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

I- BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five I)	Current Period 30 September 2020			Prior Period 31 December 2019		
		TL	FC	Total	TL	FC	Total
<b>ASSETS</b>							
<b>I- FINANCIAL ASSETS (NET)</b>		<b>112.665.171</b>	<b>159.579.705</b>	<b>272.244.876</b>	<b>81.195.185</b>	<b>91.776.103</b>	<b>172.971.288</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>5.701.610</b>	<b>69.514.197</b>	<b>75.215.807</b>	<b>3.304.146</b>	<b>54.084.654</b>	<b>57.388.800</b>
1.1.1. Cash and Balances with Central Bank	(1)	5.454.642	66.296.540	71.751.182	2.846.413	49.361.246	52.207.659
1.1.2 Banks	(4)	69.042	3.217.839	3.286.881	129.851	4.723.528	4.853.379
1.1.3 Money Markets Receivables		179.053	-	179.053	328.596	-	328.596
1.1.4 Expected Loss Provision (-)		1.127	182	1.309	714	120	834
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>	(2)	<b>15.176.105</b>	<b>37.503</b>	<b>15.213.608</b>	<b>1.890.575</b>	<b>7.310</b>	<b>1.897.885</b>
1.2.1 Government Debt Securities		15.176.105	37.503	15.213.608	1.890.575	7.310	1.897.885
1.2.2 Equity Instruments		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	-	-	-	-	-
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	(5),(6)	<b>87.841.537</b>	<b>88.153.519</b>	<b>175.995.056</b>	<b>74.704.727</b>	<b>36.181.990</b>	<b>110.886.717</b>
1.3.1 Government Debt Securities		87.162.666	87.266.896	174.429.562	74.042.653	35.552.979	109.595.632
1.3.2 Equity Instruments		149.389	538.884	688.273	132.561	397.578	530.139
1.3.3 Other Financial Assets		529.482	347.739	877.221	529.513	231.433	760.946
<b>1.4 Derivative Financial Assets</b>	(3)	<b>3.945.919</b>	<b>1.874.486</b>	<b>5.820.405</b>	<b>1.295.737</b>	<b>1.502.149</b>	<b>2.797.886</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		3.945.919	1.874.486	5.820.405	1.295.737	1.502.149	2.797.886
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>455.213.399</b>	<b>158.847.476</b>	<b>614.060.875</b>	<b>320.935.164</b>	<b>131.587.049</b>	<b>452.522.213</b>
2.1 Loans	(7)	461.654.313	141.863.364	603.517.677	329.429.223	118.553.528	447.982.751
2.2 Lease Receivables	(12)	-	-	-	-	-	-
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortized Cost	(8)	11.886.073	17.034.331	28.920.404	4.480.563	13.069.520	17.550.083
2.4.1 Government Debt Securities		11.799.486	16.994.303	28.793.789	4.395.402	13.068.073	17.463.475
2.4.2 Other Financial Assets		86.587	40.028	126.615	85.161	1.447	86.608
2.5 Expected Credit Loss (-)		18.326.987	50.219	18.377.206	12.974.622	35.999	13.010.621
<b>III. NON-CURRENT ASSETS OR DISPOSAL GROUPS “HELD FOR SALE” AND “HELD FROM DISCONTINUED OPERATIONS” (Net)</b>	(15)	<b>5.224.698</b>	<b>-</b>	<b>5.224.698</b>	<b>4.781.720</b>	<b>-</b>	<b>4.781.720</b>
3.1 Held for Sale Purpose		5.224.698	-	5.224.698	4.781.720	-	4.781.720
3.2. Held from Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>9.228.026</b>	<b>3.372.723</b>	<b>12.600.749</b>	<b>4.345.336</b>	<b>3.257.115</b>	<b>7.602.451</b>
<b>4.1 Investments in Associates (Net)</b>	(9)	<b>126.845</b>	<b>-</b>	<b>126.845</b>	<b>99.539</b>	<b>-</b>	<b>99.539</b>
4.1.1. Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		126.845	-	126.845	99.539	-	99.539
<b>4.2 Subsidiaries (Net)</b>	(10)	<b>9.101.181</b>	<b>3.266.978</b>	<b>12.368.159</b>	<b>4.245.797</b>	<b>3.146.056</b>	<b>7.391.853</b>
4.2.1 Unconsolidated Financial Subsidiaries		9.034.877	3.266.978	12.301.855	4.188.969	3.146.056	7.335.025
4.2.2 Unconsolidated Non-Financial Subsidiaries		66.304	-	66.304	56.828	-	56.828
<b>4.3 Entities under Common Control (Joint Ventures) (Net)</b>	(11)	<b>-</b>	<b>105.745</b>	<b>105.745</b>	<b>-</b>	<b>111.059</b>	<b>111.059</b>
4.3.1. Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	105.745	105.745	-	111.059	111.059
<b>V. PROPERTY AND EQUIPMENT (Net)</b>	(16)	<b>4.687.260</b>	<b>31.508</b>	<b>4.718.768</b>	<b>5.462.267</b>	<b>16.380</b>	<b>5.478.647</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>		<b>872.437</b>	<b>17.553</b>	<b>889.990</b>	<b>732.176</b>	<b>12.913</b>	<b>745.089</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		872.437	17.553	889.990	732.176	12.913	745.089
<b>VII. INVESTMENT PROPERTY (Net)</b>	(14)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>904.745</b>	<b>-</b>	<b>904.745</b>	<b>1.683</b>	<b>-</b>	<b>1.683</b>
<b>IX. DEFERRED TAX ASSET</b>		<b>832.382</b>	<b>-</b>	<b>832.382</b>	<b>1.148.611</b>	<b>-</b>	<b>1.148.611</b>
<b>X. OTHER ASSETS (Net)</b>	(20)	<b>8.253.765</b>	<b>3.957.711</b>	<b>12.211.476</b>	<b>3.187.722</b>	<b>1.316.767</b>	<b>4.504.489</b>
<b>TOTAL ASSETS</b>		<b>597.881.883</b>	<b>325.806.676</b>	<b>923.688.559</b>	<b>421.789.864</b>	<b>227.966.327</b>	<b>649.756.191</b>

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF  
30 SEPTEMBER 2020**

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

II- BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five II)	Current Period 30 September 2020			Prior Period 31 December 2019		
		TL	FC	Total	TL	FC	Total
<b>LIABILITIES</b>							
<b>I. DEPOSITS</b>	(1)	339.079.212	305.587.975	644.667.187	241.031.548	206.219.425	447.250.973
<b>II. FUNDS BORROWED</b>	(3)	667.530	37.020.835	37.688.365	4.462.415	30.066.075	34.528.490
<b>III. MONEY MARKETS BORROWINGS</b>	(4)	68.281.437	24.561.949	92.843.386	28.801.883	20.473.527	49.275.410
<b>IV. SECURITIES ISSUED (Net)</b>	(5)	1.742.265	13.911.089	15.653.354	3.279.260	9.826.766	13.106.026
4.1 Bills		731.575	-	731.575	2.268.570	279.678	2.548.248
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		1.010.690	13.911.089	14.921.779	1.010.690	9.547.088	10.557.778
<b>V. FUNDS</b>		6.099.990	-	6.099.990	6.066.464	-	6.066.464
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		6.099.990	-	6.099.990	6.066.464	-	6.066.464
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	(2)	648.851	2.516.990	3.165.841	536.536	1.122.322	1.658.858
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		648.851	2.516.990	3.165.841	536.536	1.122.322	1.658.858
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII. FACTORING LIABILITIES</b>		-	-	-	-	-	-
<b>IX. LEASE LIABILITIES (Net)</b>	(7)	769.998	60.293	830.291	565.614	56.146	621.760
<b>X. PROVISIONS</b>	(9)	6.068.334	10.083	6.078.417	3.362.285	456.293	3.818.578
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		1.611.399	-	1.611.399	1.664.035	-	1.664.035
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		4.456.935	10.083	4.467.018	1.698.250	456.293	2.154.543
<b>XI. CURRENT TAX LIABILITY</b>	(10)	707.206	8.634	715.840	1.714.874	5.713	1.720.587
<b>XII. DEFERRED TAX LIABILITY</b>	(10)	-	-	-	-	-	-
<b>XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "HELD FROM DISCONTINUED OPERATIONS" (Net)</b>	(11)	-	-	-	-	-	-
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Held from Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>	(12)	-	12.803.726	12.803.726	-	9.565.957	9.565.957
14. Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	12.803.726	12.803.726	-	9.565.957	9.565.957
<b>XV. OTHER LIABILITIES</b>	(6)	15.474.236	2.990.090	18.464.326	8.960.448	3.118.098	12.078.546
<b>XVI. SHAREHOLDERS' EQUITY</b>	(13)	90.093.555	(5.415.719)	84.677.836	71.106.589	(1.042.047)	70.064.542
16.1 Paid-in capital		13.100.000	-	13.100.000	6.100.000	-	6.100.000
16.2 Capital Reserves		(764)	-	(764)	(571)	-	(571)
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		(764)	-	(764)	(571)	-	(571)
16.3. Accumulated Other Comprehensive Income or Expense Not Reclassified Through Profit or Loss		7.479.581	(531.849)	6.947.732	5.728.837	123.518	5.852.355
16.4. Accumulated Other Comprehensive Income or Expense Reclassified Through Profit or Loss		1.786.288	(4.883.870)	(3.097.582)	807.677	(1.165.565)	(357.888)
16.5 Profit Reserves		58.398.544	-	58.398.544	52.110.376	-	52.110.376
16.5.1 Legal Reserves		5.000.726	-	5.000.726	4.750.183	-	4.750.183
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		53.397.818	-	53.397.818	47.360.193	-	47.360.193
16.5.4 Other Profit Reserves		-	-	-	-	-	-
16.6 Profit or (Loss)		9.329.906	-	9.329.906	6.360.270	-	6.360.270
16.6.1 Prior Periods' Profit or (Loss)		3.240.720	-	3.240.720	173.382	-	173.382
16.6.2 Current Period Profit or (Loss)		6.089.186	-	6.089.186	6.186.888	-	6.186.888
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>529.632.614</b>	<b>394.055.945</b>	<b>923.688.559</b>	<b>369.887.916</b>	<b>279.868.275</b>	<b>649.756.191</b>

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
UNCONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AS OF  
30 SEPTEMBER 2020**

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

III	STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period 30 September 2020			Prior Period 31 December 2019		
			TL	FC	Total	TL	FC	Total
<b>A.</b>	<b>OFF-BALANCE SHEET COMMITMENTS (I-II+III)</b>		<b>144.545.336</b>	<b>373.076.915</b>	<b>517.622.251</b>	<b>138.892.389</b>	<b>301.480.421</b>	<b>440.372.810</b>
<b>I.</b>	<b>GUARANTEES AND WARRANTIES</b>	(1)	<b>41.201.036</b>	<b>100.399.608</b>	<b>141.600.644</b>	<b>39.120.560</b>	<b>80.704.053</b>	<b>119.824.613</b>
1.1	Letters of Guarantee		40.749.350	70.158.381	110.907.731	38.884.228	52.376.336	91.260.564
1.1.1	Guarantees Subject to State Tender Law		1.176.092	15.254.562	16.430.654	1.045.669	12.331.455	13.377.124
1.1.2	Guarantees Given for Foreign Trade Operations		34.560.679	38.697.036	73.257.715	33.271.753	38.990.248	72.262.001
1.1.3	Other Letters of Guarantee		5.012.579	16.206.783	21.219.362	4.566.806	1.054.633	5.621.439
1.2	Bank Acceptances		122.588	8.702.602	8.825.190	9.724	8.192.527	8.202.251
1.2.1	Import Letter of Acceptance		122.588	8.701.674	8.824.262	6.517	8.187.488	8.194.005
1.2.2	Other Bank Acceptances		-	928	928	3.207	5.039	8.246
1.3	Letters of Credit		272.498	20.130.106	20.402.604	226.608	19.165.683	19.392.291
1.3.1	Documentary Letters of Credit		272.498	20.109.944	20.382.442	226.608	19.150.134	19.376.742
1.3.2	Other Letters of Credit		-	20.162	20.162	-	15.549	15.549
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		56.600	1.408.519	1.465.119	-	969.507	969.507
1.5.1	Endorsements to the Central Bank of Turkey		56.600	1.408.519	1.465.119	-	969.507	969.507
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		-	-	-	-	-	-
1.9	Other Collaterals		-	-	-	-	-	-
<b>II.</b>	<b>COMMITMENTS</b>		<b>54.904.258</b>	<b>11.987.031</b>	<b>66.891.289</b>	<b>52.637.562</b>	<b>14.557.536</b>	<b>67.195.098</b>
2.1	Irrevocable Commitments	(1)	54.904.258	11.987.031	66.891.289	52.637.562	14.557.536	67.195.098
2.1.1	Asset Purchase Commitments		50.124	6.982.029	7.032.153	2.091.236	11.505.500	13.596.736
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		3.150	-	3.150	7.500	-	7.500
2.1.4	Loan Granting Commitments		14.863.406	2.583	14.865.989	11.842.898	2.120	11.845.018
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheque Payments		4.556.581	-	4.556.581	3.695.596	-	3.695.596
2.1.8	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9	Commitments for Credit Card Limits		22.523.391	-	22.523.391	24.220.013	-	24.220.013
2.1.10	Commitments for Credit Cards and Banking Services Promotions		72.272	-	72.272	36.161	-	36.161
2.1.11	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments		12.835.334	5.002.419	17.837.753	10.744.158	3.049.916	13.794.074
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>48.440.042</b>	<b>260.690.276</b>	<b>309.130.318</b>	<b>47.134.267</b>	<b>206.218.832</b>	<b>253.353.099</b>
3.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1	Fair Value Hedge		-	-	-	-	-	-
3.1.2	Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments		48.440.042	260.690.276	309.130.318	47.134.267	206.218.832	253.353.099
3.2.1	Forward Foreign Currency Buy/Sell Transactions		3.430.514	5.965.204	9.395.718	3.854.913	6.418.511	10.273.424
3.2.1.1	Forward Foreign Currency Transactions-Buy		2.163.544	2.540.920	4.704.464	1.626.296	3.507.008	5.133.304
3.2.1.2	Forward Foreign Currency Transactions-Sell		1.266.970	3.424.284	4.691.254	2.228.617	2.911.503	5.140.120
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		44.136.734	253.850.261	297.986.995	43.277.330	199.771.811	243.049.141
3.2.2.1	Foreign Currency Swap-Buy		3.130.493	118.554.327	121.684.820	1.340.652	98.363.800	99.704.452
3.2.2.2	Foreign Currency Swap-Sell		39.116.241	80.233.688	119.349.929	41.796.678	57.191.367	98.988.045
3.2.2.3	Interest Rate Swap-Buy		945.000	27.531.123	28.476.123	70.000	22.108.322	22.178.322
3.2.2.4	Interest Rate Swap-Sell		945.000	27.531.123	28.476.123	70.000	22.108.322	22.178.322
3.2.3	Foreign Currency, Interest rate and Securities Options		-	-	-	2.024	28.510	30.534
3.2.3.1	Foreign Currency Options-Buy		-	-	-	1.012	14.255	15.267
3.2.3.2	Foreign Currency Options-Sell		-	-	-	1.012	14.255	15.267
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		872.794	874.811	1.747.605	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	874.811	874.811	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		872.794	-	872.794	-	-	-
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>B.</b>	<b>CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>2.074.603.521</b>	<b>316.481.121</b>	<b>2.391.084.642</b>	<b>1.907.087.847</b>	<b>238.577.007</b>	<b>2.145.664.854</b>
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>		<b>768.874.169</b>	<b>63.748.718</b>	<b>832.622.887</b>	<b>801.784.528</b>	<b>43.695.339</b>	<b>845.479.867</b>
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		13.959.281	31.673.288	45.632.569	16.068.422	21.363.653	37.432.075
4.3	Cheques Received for Collection		13.826.601	1.832.608	15.659.209	10.470.124	1.397.404	11.867.528
4.4	Commercial Notes Received for Collection		13.710.218	1.294.204	15.004.422	11.290.277	775.924	12.066.201
4.5	Other Assets Received for Collection		8.816	-	8.816	8.816	-	8.816
4.6	Assets Received for Public Offering		700.971.519	2.115	700.973.634	738.596.223	-	738.596.223
4.7	Other Items Under Custody		26.396.085	28.946.503	55.342.588	25.349.017	20.158.358	45.507.375
4.8	Custodians		1.649	-	1.649	-	-	1.649
<b>V.</b>	<b>PLEDGES RECEIVED</b>		<b>1.304.238.742</b>	<b>248.339.147</b>	<b>1.552.577.889</b>	<b>1.104.055.321</b>	<b>191.572.318</b>	<b>1.295.627.639</b>
5.1	Marketable Securities		2.563.481	1.596.683	4.160.164	2.446.267	1.146.602	3.592.869
5.2	Guarantee Notes		14.503.604	2.136.030	16.639.634	15.642.486	1.989.052	17.631.538
5.3	Commodity		943.142	125.907	1.069.049	934.751	95.196	1.029.947
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		1.046.069.106	159.086.176	1.205.155.282	877.668.953	124.665.021	1.002.333.974
5.6	Other Pledged Items		240.154.200	85.365.957	325.520.157	207.357.655	63.654.787	271.012.442
5.7	Pledged Items-Depository		5.209	28.394	33.603	5.209	21.660	26.869
<b>VI.</b>	<b>ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>		<b>1.490.610</b>	<b>4.393.256</b>	<b>5.883.866</b>	<b>1.247.998</b>	<b>3.309.350</b>	<b>4.557.348</b>
	<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>2.219.148.857</b>	<b>689.558.036</b>	<b>2.908.706.893</b>	<b>2.045.980.236</b>	<b>540.057.428</b>	<b>2.586.037.664</b>

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR NINE MONTH PERIOD  
ENDED 30 SEPTEMBER 2020**

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

	Note (Section Five IV)	Current Period 1 January-30 September 2020	Prior Period 1 January-30 September 2019	Current Period 1 July-30 September 2020	Prior Period 1 July-30 September 2019
<b>IV. STATEMENT OF PROFIT OR LOSS INCOME AND EXPENSE ITEMS</b>					
<b>I. INTEREST INCOME</b>	<b>(1)</b>	<b>49.769.522</b>	<b>49.074.577</b>	<b>17.536.490</b>	<b>16.309.326</b>
1.1 Interest on Loans		38.482.661	39.403.638	13.442.177	13.747.015
1.2 Interest on Reserve Requirements		119.974	405.358	54.881	116.253
1.3 Interest on Banks		42.386	269.449	10.234	72.563
1.4 Interest on Money Market Transactions		22	6.612	8	14
1.5 Interest on Marketable Securities Portfolio		10.987.563	8.885.193	4.008.130	2.353.002
1.5.1 Fair Value Through Profit or Loss		135.013	4.544	77.629	759
1.5.2 Fair Value Through Other Comprehensive Income		9.482.394	7.869.800	3.333.999	2.061.861
1.5.3 Measured at Amortised Cost		1.370.156	1.010.849	596.502	290.382
1.6 Financial Lease Interest Income		-	-	-	-
1.7 Other Interest Income		136.916	104.327	21.060	20.479
<b>II. INTEREST EXPENSE (-)</b>	<b>(2)</b>	<b>21.356.833</b>	<b>32.389.145</b>	<b>7.650.131</b>	<b>10.603.039</b>
2.1 Interest on Deposits		15.068.715	22.267.825	5.381.657	7.417.819
2.2 Interest on Funds Borrowed		941.415	1.261.811	304.716	406.007
2.3 Interest Expense on Money Market Transactions		3.048.898	7.597.044	1.337.384	2.370.861
2.4 Interest on Securities Issued		1.197.522	986.133	443.689	328.774
2.5 Interest on Leases		75.654	70.940	24.200	26.522
2.6 Other Interest Expenses		1.024.629	205.392	158.485	53.056
<b>III. NET INTEREST INCOME (I - II)</b>		<b>28.412.689</b>	<b>16.685.432</b>	<b>9.886.359</b>	<b>5.706.287</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>2.168.011</b>	<b>2.475.786</b>	<b>964.127</b>	<b>863.063</b>
4.1 Fees and Commissions Received		3.482.604	4.071.811	1.265.375	1.490.810
4.1.1 Non-cash Loans		685.569	670.012	240.479	226.547
4.1.2 Other		2.797.035	3.401.799	1.024.896	1.264.263
4.2 Fees and Commissions Paid (-)		1.314.593	1.596.025	301.248	627.747
4.2.1 Non-cash Loans		804	1.151	162	303
4.2.2 Other		1.313.789	1.594.874	301.086	627.444
<b>V. DIVIDEND INCOME</b>		<b>1.113.605</b>	<b>1.059.898</b>	<b>72.603</b>	<b>29.414</b>
<b>VI. TRADING PROFIT/(LOSS) (Net)</b>	<b>(3)</b>	<b>(7.041.047)</b>	<b>(6.281.478)</b>	<b>(4.255.187)</b>	<b>(1.786.695)</b>
6.1 Trading Gains / (Losses) on Securities		4.816.233	62.435	2.179.506	32.028
6.2 Gains / (Losses) on Derivative Financial Transactions		(3.769.040)	(6.723.469)	(1.047.163)	(2.151.558)
6.3 Foreign Exchange Gains / (Losses)		(8.088.240)	379.556	(5.387.530)	332.835
<b>VII. OTHER OPERATING INCOME</b>	<b>(4)</b>	<b>2.221.369</b>	<b>1.134.098</b>	<b>645.299</b>	<b>307.647</b>
<b>VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>26.874.627</b>	<b>15.073.736</b>	<b>7.313.201</b>	<b>5.119.716</b>
<b>IX. EXPECTED CREDIT LOSS (-)</b>	<b>(5)</b>	<b>7.148.723</b>	<b>3.271.586</b>	<b>2.213.773</b>	<b>1.432.742</b>
<b>X. OTHER PROVISION EXPENSES (-)</b>	<b>(5)</b>	<b>2.039.770</b>	<b>4.364</b>	<b>17.799</b>	<b>1.336</b>
<b>XI. PERSONNEL EXPENSE (-)</b>		<b>3.436.198</b>	<b>2.575.877</b>	<b>963.803</b>	<b>850.335</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>(6)</b>	<b>6.031.039</b>	<b>4.501.721</b>	<b>2.045.349</b>	<b>1.487.501</b>
<b>XIII. NET OPERATING PROFIT/(LOSS) (VIII-IX-X-XI-XII)</b>		<b>8.218.897</b>	<b>4.720.188</b>	<b>2.072.477</b>	<b>1.347.802</b>
<b>XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		-	-	-	-
<b>XV. PROFIT/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		-	-	-	-
<b>XVI. PROFIT/(LOSS) ON NET MONETARY POSITION</b>		-	-	-	-
<b>XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)</b>	<b>(7)</b>	<b>8.218.897</b>	<b>4.720.188</b>	<b>2.072.477</b>	<b>1.347.802</b>
<b>XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(8)</b>	<b>(2.129.711)</b>	<b>(876.014)</b>	<b>(492.520)</b>	<b>(319.229)</b>
18.1 Current Tax Provision		(1.345.576)	(1.830.518)	1.079.072	(1.165.847)
18.2 Deferred Tax Expense Effect (+)		(4.184.895)	(2.786.071)	(2.440.466)	(439.552)
18.3 Deferred Tax Income Effect (-)		3.400.760	3.740.575	868.874	1.286.170
<b>XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)</b>	<b>(9)</b>	<b>6.089.186</b>	<b>3.844.174</b>	<b>1.579.957</b>	<b>1.028.573</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
20.1 Income from Non-current Assets Held for Sale		-	-	-	-
20.2 Profit from Sales of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)		-	-	-	-
20.3 Income from Other Discontinued Operations		-	-	-	-
<b>XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
21.1 Expenses for Non-current Assets Held for Sale		-	-	-	-
21.2 Loss from Sales of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)		-	-	-	-
21.3 Expenses from Other Discontinued Operations		-	-	-	-
<b>XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)</b>		-	-	-	-
<b>XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-	-	-
23.1 Current Tax Provision		-	-	-	-
23.2 Deferred Tax Expense Effect (+)		-	-	-	-
23.3 Deferred Tax Income Effect (-)		-	-	-	-
<b>XXIV. CURRENT REPIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		-	-	-	-
<b>XXV. NET PROFIT/(LOSS) (XVIII+XXIV)</b>	<b>(10)</b>	<b>6.089.186</b>	<b>3.844.174</b>	<b>1.579.957</b>	<b>1.028.573</b>
Earnings/(Loss) per share (in TL full)		0,641	0,630	0,054	0,169

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME FOR NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020**

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

V. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Current Period	Prior Period
		1 January- 30 September 2020	1 January- 30 September 2019
<b>I.</b>	<b>CURRENT PERIOD PROFIT/LOSS</b>	<b>6.089.186</b>	<b>3.844.174</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>(1.644.317)</b>	<b>3.429.625</b>
2.1	Not Reclassified Through Profit or Loss	1.095.377	75.157
2.1.1	Property and Equipment Revaluation Increase/Decrease	(773.891)	(179.877)
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Plan Remeasurement Gain/Loss	192.246	-
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	1.981.850	296.308
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(304.828)	(41.274)
2.2	Reclassified Through Profit or Loss	(2.739.694)	3.354.468
2.2.1	Foreign Currency Translation Differences	-	-
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(3.512.428)	4.300.600
2.2.3	Cash Flow Hedge Income/Expense	-	-
2.2.4	Foreign Net Investment Hedge Income/Expense	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	772.734	(946.132)
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>4.444.869</b>	<b>7.273.799</b>

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR NINE MONTH PERIOD ENDED  
30 SEPTEMBER 2020**

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

VI. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premiums	Share Cancellation Profit	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Net Profit/(Loss)	Current Period Net Profit/(loss)	Total Equity
					1	2	3	4	5	6				
					<b>CURRENT PERIOD</b>									
<b>30 September 2020</b>														
<b>I. Prior Period End Balance</b>	6.100.000	-	-	(571)	3.748.812	(81.552)	2.185.095	-	(357.888)	-	52.110.376	6.360.270	-	70.064.542
<b>II. Corrections and Accounting Policy Changes Made According to TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Adjusted Beginning Balance (I+II)</b>	6.100.000	-	-	(571)	3.748.812	(81.552)	2.185.095	-	(357.888)	-	52.110.376	6.360.270	-	70.064.542
<b>IV. Total comprehensive income (loss)</b>	-	-	-	-	(696.502)	153.797	1.638.082	-	(2.739.694)	-	-	-	6.089.186	4.444.869
<b>V. Capital increase by cash</b>	7.000.000	-	-	-	-	-	-	-	-	-	-	-	-	7.000.000
<b>VI. Capital increase by internal sources</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Paid-in capital inflation adjustment difference</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible bonds to shares</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated debt instruments</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Increase (decrease) by other changes</b>	-	-	-	(193)	-	-	-	-	-	-	-	3.168.618	-	3.168.425
<b>XI. Profit distribution</b>	-	-	-	-	-	-	-	-	-	-	6.288.168	(6.288.168)	-	-
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to reserves	-	-	-	-	-	-	-	-	-	-	6.137.985	(6.137.985)	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	150.183	(150.183)	-	-
<b>Balance at the end of the period (III+IV+.....+X+XI)</b>	13.100.000	-	-	(764)	3.052.310	72.245	3.823.177	-	(3.097.582)	-	58.398.544	3.240.720	6.089.186	84.677.836

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

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR NINE MONTH PERIOD ENDED  
30 SEPTEMBER 2020**

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

VI. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premiums	Share Cancellation Profit	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Net Profit/(Loss)	Current Period Net Profit/(loss)	Total Equity
					1	2	3	4	5	6				
<b>I. PRIOR PERIOD 30 September 2019</b>														
Prior Period End Balance	6.100.000	-	-	(483)	3.760.738	(57.499)	2.009.231	-	(6.429.909)	-	37.320.380	14.698.936	-	57.401.394
Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted Beginning Balance (I+II)	6.100.000	-	-	(483)	3.760.738	(57.499)	2.009.231	-	(6.429.909)	-	37.320.380	14.698.936	-	57.401.394
IV. Total comprehensive income	-	-	-	-	(161.889)	-	237.046	-	3.354.468	-	-	-	3.844.174	7.273.799
V. Capital increase by cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase by internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds to shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) by other changes	-	-	-	(102)	188.940	-	-	-	-	-	143.700	117.434	-	449.972
XI. Profit distribution	-	-	-	-	-	-	-	-	-	-	14.646.296	(14.646.296)	-	-
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to reserves	-	-	-	-	-	-	-	-	-	-	14.574.793	(14.574.793)	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	71.503	(71.503)	-	-
<b>Balance at the end of the period (III+IV+.....+X+XI)</b>	<b>6.100.000</b>	<b>-</b>	<b>-</b>	<b>(585)</b>	<b>3.787.789</b>	<b>(57.499)</b>	<b>2.246.277</b>	<b>-</b>	<b>(3.075.441)</b>	<b>-</b>	<b>52.110.376</b>	<b>170.074</b>	<b>3.844.174</b>	<b>65.125.165</b>

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

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



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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR NINE MONTH PERIOD ENDED  
30 SEPTEMBER 2020**

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

VII. STATEMENT OF CASH FLOWS		Note (Section Five)	Current Period 1 January- 30 September 2020	Prior Period 1 January- 30 September 2019
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>				
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		11.506.331	(4.844.716)
1.1.1	Interest Received		46.249.823	44.753.398
1.1.2	Interest Paid		(21.351.708)	(31.437.625)
1.1.3	Dividend Received		1.113.605	1.036.613
1.1.4	Fees and Commissions Received		4.552.981	4.064.117
1.1.5	Other Income		2.924.439	1.576.089
1.1.6	Collections from Previously Written-off Loans and Other Receivables		1.636.138	1.327.421
1.1.7	Cash Payments to Personnel and Service Suppliers		(3.896.403)	(2.938.412)
1.1.8	Taxes Paid		(3.505.624)	(2.002.374)
1.1.9	Other		(16.216.920)	(21.223.943)
1.2	Changes in Operating Assets and Liabilities		46.118.922	12.454.342
1.2.1	Net (Increase) / Decrease in Financial Assets At Fair Value Through Profit Or Loss		(9.212.103)	(703.007)
1.2.2	Net (Increase) / Decrease in Due From Banks And Other Financial Institutions		(15.826.972)	(6.318.938)
1.2.3	Net (Increase) / Decrease in Loans		(117.991.916)	(45.475.208)
1.2.4	Net (Increase) / Decrease in Other Assets		(8.235.171)	848.727
1.2.5	Net Increase / (Decrease) in Bank Deposits		1.097.247	5.060.158
1.2.6	Net Increase / (Decrease) in Other Deposits		153.316.513	66.668.067
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		(5.413.658)	(495.325)
1.2.9	Net Increase / (Decrease) in Payables		-	-
1.2.10	Net Increase / (Decrease) in Other Liabilities		48.384.982	(7.130.132)
<b>I.</b>	<b>Net Cash Provided from Banking Operations</b>		<b>57.625.253</b>	<b>7.609.626</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>II.</b>	<b>Net Cash Provided from Investing Activities</b>		<b>(66.579.292)</b>	<b>(16.247.574)</b>
2.1	Cash Paid For Acquisition of Investments, Associates, Subsidiaries and Entities under common Control (Joint Ventures)		(1.037.482)	(1.750)
2.2	Cash Obtained From Disposal of Investments, Associates, Subsidiaries and Entities under common Control (Joint Ventures)		-	-
2.3	Purchases of Property and Equipment		(283.599)	(674.223)
2.4	Disposals of Property and Equipment		836.227	233.044
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(101.175.397)	(29.003.823)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income		42.144.008	15.231.468
2.7	Purchase of Financial Assets Measured at Amortized Cost		(7.949.886)	(10.131.426)
2.8	Sale of Financial Assets Measured at Amortized Cost		886.837	2.920.881
2.9	Other		-	5.178.255
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>III.</b>	<b>Net Cash Provided from Financing Activities</b>		<b>6.424.621</b>	<b>5.126.558</b>
3.1	Cash Obtained from Funds Borrowed and Securities Issued		4.332.098	15.475.121
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(4.713.142)	(10.123.630)
3.3	Issued Equity Instruments		7.000.000	-
3.4	Dividends Paid		-	-
3.5	Payments for Finance Leases		(194.335)	(224.933)
3.6	Other		-	-
<b>IV.</b>	<b>Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>3.581.557</b>	<b>546.879</b>
<b>V.</b>	<b>Net Increase in Cash and Cash Equivalents (I+II+III+IV)</b>		<b>1.052.139</b>	<b>(2.964.511)</b>
<b>VI.</b>	<b>Cash and Cash Equivalents at Beginning of the Period</b>		<b>28.162.539</b>	<b>23.389.729</b>
<b>VII.</b>	<b>Cash and Cash Equivalents at End of the Period</b>		<b>29.214.678</b>	<b>20.425.218</b>

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

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TURKISH**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES**

**I. BASIS OF PRESENTATION**

The unconsolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” (“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 unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” published in the Official Gazette No. 28337, dated 28 June 2012 and “Communiqué on Public Disclosures on Risk Management”, published in the Official Gazette No. 29511, dated 23 October 2015 and amendments to these Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

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

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

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

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

While preparing the interim financial statements dated 30 September 2020, the 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  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN  
TURKISH**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

---

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**I. BASIS OF PRESENTATION (Continued)**

As of 30 September 2020, due to the adverse effects of the COVID-19 epidemic, the 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 Bank evaluated the effects of the COVID-19 pandemic with regard to the financial instruments whose fair value hierarchy was determined as Level 3 due to the fact that it involves significant estimates and judgments and there are no changes that require any correction as of the reporting date. As of 30 September 2020, the Bank does not have any assets or liabilities in the fair value hierarchy that would require any adjustment due to COVID-19.

The Bank reflected the estimates and judgments into the calculation of expected credit losses with the maximum effort and the best estimation method. The Bank has revised its macroeconomic expectations and has reflected to the financial statement as of 30 September 2020, by taking into account the change in probability of default and loss given default.

In this context, the Bank has measured the impact of its macroeconomic expectations on non-performing loans under different scenarios and reflected the increase coefficient, which is considered to best reflect the current situation in the range of NPL ratio it obtained, into the loan parameters and included it in provision calculations. Among the three scenarios used, the weight of the bad scenario was increased. In addition, the Bank analyzed the corporate, entrepreneurial and retail loan portfolios and the sector distributions in these portfolios, using expert opinion, it made provisions on model outputs for customer groups that it believed to be affected by the Covid-19 outbreak. This approach, which is preferred in provision calculations in 2020, will be reviewed in the upcoming reporting periods, taking into account the impact of the epidemic, changes in the loan 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. The Bank’s practices regarding the classification of the loans have been updated in accordance with the BRSA decisions effective from 17 March 2020.

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

**a. 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 unconsolidated financial statements. Accordingly, these unconsolidated 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  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN  
TURKISH**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

---

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

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 rate risk arising from foreign currency translation of partnerships with capital allocation in Euro, deposits in Euro are used as a hedging tool.

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

**III. EXPLANATIONS ON EQUITY INVESTMENTS**

Investments related to joint ventures and financial subsidiaries are monitored with their fair values in the unconsolidated financial statements according to "Separate Financial Statements Turkey Accounting Standard 27 (TAS 27)" and the scope of 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.

Subsidiaries are accounted for at their cost value within the scope of TAS 27, and are reflected in the unconsolidated financial statements after the provision for depreciation is deducted, if any.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

---

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS**

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

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

Derivative financial instruments are initially recognized at fair value. Derivative transactions, depending on the fair value being positive or negative is shown as derivative financial assets 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 is calculated by taking into account the market values or by applying the cash flow model discounted with market rates.

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

**V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE**

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

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

**VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE**

Income and expenses from banking, agency and intermediary services are recognized as income/expense and conformant with IFRS 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.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

---

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**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 Bank, if the Bank is a legal party to these instruments.

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

**Classification And Measurement Within The Scope of TFRS 9**

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

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

**Financial Assets At Fair Value Through Profit or Loss**

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

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

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

**Financial Assets At Fair Value Through Other Comprehensive Income**

Financial assets are classified as 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.

Fair value through other comprehensive income are subsequently measured at their fair value. The interest income of 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 assets 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 "Accumulated Other Comprehensive Income or Expense Reclassified Through Profit or Loss" under shareholders' equity. Accumulated fair value differences under equity are reflected to the statement of profit or loss when such securities are collected or disposed.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

---

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)**

**Equity investments**

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

**Financial Assets at Measured at Amortized Cost**

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

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

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

**Loans**

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

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

---

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS**

**Explanations on Expected Loss Provisions**

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

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

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

**Impairment**

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

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

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:



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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

---

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)**

***12 Month Expected Credit Losses (Stage 1)***

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

The expected 12 month loss values (within 12 months after the reporting date or within a shorter period if the life of a financial instrument is shorter than 12 months) are part of the estimation of 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 at stage 1, all remaining maturity expected credit loss is calculated for loans at stage 2.

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

***Credit-Impaired Losses (Stage 3)***

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

The Bank 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 proved otherwise in the light of supportable information. As explained in first numbered part one of Section third, the BRSA's decisions on 17 March 2020, numbered 8948 and 27 March 2020, numbered 8970 are mainly valid as of 17 March 2020 due to the disruptions in economic and commercial activities as a result of the COVID-19 outbreak. Accordingly, the definition of default is applied as 180 days until 31 December 2020.
- Subjective Default Definition: It means it is considered as unlikeliness to pay. Whenever it is considered that an obligor is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

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

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

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

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

---

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)**

**Probability of Default (PD)**

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

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

**Exposure at Default (EAD)**

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

**Loss Given Default (LGD)**

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

**Future Expectations**

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

**The Methodology of Behavioral Maturity Calculation**

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

**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 Bank as of the reporting date.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

---

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS**

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

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

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

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

**XI. INFORMATION ON NON-CURRENT ASSETS OR DISPOSAL GROUPS “HELD FOR SALE” AND RELATED TO DISCONTINUED OPERATIONS AND EXPLANATIONS ON LIABILITIES RELATED WITH THESE ASSETS**

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

The assets that meet the criteria of being classified under assets held for sale are measured at the lower of their book values or fair value less costs to be incurred for sale, 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 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 division of a business that is classified as disposed or held for sale. The results related to discontinuing operations are presented separately in the profit or loss statement. The Bank does not have any discontinued operations.

**XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS**

As of the balance sheet date, there is no goodwill in the financial statements of the Bank.

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.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

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

Ordinary maintenance and repair expenses incurred for 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 assets.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

---

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XIV. EXPLANATIONS ON LEASING TRANSACTIONS**

**Leases in Accordance with TFRS 16**

The Bank measures the operational lease liabilities based on the present value of the lease payments that have not been paid at the date of lease is actually started, in accordance with TFRS 16. Lease payments are discounted by using the Bank’s incremental borrowing rate. 2-year government bond indicator interest rates are used for Turkish Lira rentals, and Eurobond indicator interest rates are used for foreign currency leasing transactions for ongoing contracts.

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

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

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

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

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 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”.

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES**

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

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

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

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

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

**XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS**

**Employment Termination and Vacation Benefits**

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

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

The Bank uses independent actuaries in determining liability, and also makes assumptions about issues such as discount rate and inflation. As of 30 September 2020, retirement benefit obligation is TL 1.066.536 (31 December 2019: TL 1.038.524).

	<b>Current Period</b>	<b>Prior Period</b>
Discount Rate	% 12,21	% 12,15
Inflation	% 7,50	% 8,68

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

---

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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 gain amounting to TL 72.245 was classified under shareholders’ equity in the financials.

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

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

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

Some of the Bank’s personnel are the members of T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees’ Pension Fund (“Fund”) which was established by 20<sup>th</sup> 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 20<sup>th</sup> 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.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

**XVII. EXPLANATIONS ON TAXATION**

**Current Tax**

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

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

Corporations are required to pay advance corporate tax quarterly at a rate of 22% on their corporate income. Advance tax is declared by the 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.



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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

---

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVII. EXPLANATIONS ON TAXATION (Continued)**

**Current Tax (Continued)**

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

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

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

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

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

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

**Deferred Tax**

In accordance with TAS 12 “Turkish Accounting Standards Relating to Income Tax” and “Law No. 7061 of November 28, 2017 mentioned in the “Current Tax” section”, the Bank calculates and recognizes deferred tax for temporary differences between the bases calculated based on the accounting policies used and valuation principles and that calculated under the tax legislation.

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

---

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVII. EXPLANATIONS ON TAXATION (Continued)**

**Deferred Tax (Continued)**

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 unconsolidated financial statements.

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

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.

**XVIII. EXPLANATIONS ON BORROWING**

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

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

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

**XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES**

The decision to increase the capital to TL 13.100.000 was approved at the Bank's Extraordinary General Assembly Meeting held on 15 May 2020, and the capital increase and the amendment made in the related article of the Articles of Association were registered on 21 May 2020 and it was announced in the Trade Registry Gazette No. 10084 dated 27 May 2020. Accounting for the said capital increase was made on 21 May 2020 based on the permission from the BRSA.

**XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES**

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

---

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XXI. EXPLANATIONS ON GOVERNMENT GRANTS**

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

**XXII. CASH AND CASH EQUIVALENTS**

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

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

**XXIII. EXPLANATIONS ON SEGMENT REPORTING**

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

**XXIV. EXPLANATIONS ON OTHER MATTERS**

***Profit distribution***

According to the Bank's Ordinary General Assembly Meeting dated 12 June 2020; in accordance with Article 33 of the Bank's Articles of Association regarding the determination, allocation and distribution of net profit for the period; after deducting the deferred tax income amounting to TL 1.277.304 from the net profit of TL 6.186.888 in accordance with the Circular No. 2004/3 of the BRSA, 5% (245.479 TL) of the remaining legal reserve has been set aside, the remaining 4.664.104 TL has been allocated to the Bank. Real estate sales revenue exception calculated in accordance with the VUK within the scope of the 5/1-e clause of the Corporate Tax Law no. After deducting 50% of its base, 72.102 TL, allocating 5% of legal reserves over the remaining 101.280 TL (5.064 TL), transferring the remaining 96.216 TL to extraordinary reserves, 72.102 TL which is 50% of the real estate sales profit exception and which should be monitored in a special fund account. is decided to transfer to other reserves.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**SECTION FOUR**

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

**I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS’ EQUITY**

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

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

As of 30 September 2020, Bank’s total regulatory capital has been calculated as TL 106.903.166 (31 December 2019: TL 83.636.178), capital adequacy ratio is 18,19% (31 December 2019: 17,02%). This ratio is well above the minimum ratio required by the legislation.

**1. Information Related to The Components of Shareholders' Equity**

	Current Period 30 September 2020	Amount as per the regulation before 01/01/2014*
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	13.100.000	-
Share issue premiums	-	-
Reserves	58.398.544	-
Gains recognized in equity as per TAS	9.268.025	-
Profit	9.329.906	-
Current Period Profit	6.089.186	-
Prior Period Profit	3.240.720	-
Shares acquired free of charge from subsidiaries, affiliates and entities under common control and cannot be recognized within profit for the period	17.388	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>90.113.863</b>	<b>-</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
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	976.557	-
Improvement costs for operating leasing	12.624	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	889.990	889.990
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	-	-

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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

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

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

	Current Period 30 September 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	-	-
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>1.879.171</b>	-
<b>Total Common Equity Tier I Capital</b>	<b>88.234.692</b>	-
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	12.530.560	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>-</b>	<b>-</b>
<b>Deductions from Additional Tier I Capital</b>		
	<b>12.530.560</b>	<b>-</b>
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items to be defined by the BRSA (-)	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
<b>Total Deductions from Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>12.530.560</b>	<b>-</b>
<b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>	<b>100.765.252</b>	<b>-</b>
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	6.173.798	-
<b>Tier II Capital Before Deductions</b>	<b>6.173.798</b>	<b>-</b>
<b>Deductions from Tier II Capital</b>		
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 (-)	-	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>6.173.798</b>	<b>-</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>106.939.050</b>	<b>-</b>

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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

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

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

	<b>Current Period 30 September 2020</b>	<b>Amount as per the regulation before 01/01/2014*</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>106.939.050</b>	<b>-</b>
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	35.884	-
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
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 (-)	-	-
<b>CAPITAL</b>		
Total Capital (Total of Tier I Capital and Tier II Capital)	106.903.166	-
Total Risk Weighted Assets	587.710.943	-
<b>CAPITAL ADEQUACY RATIOS</b>		
CET 1 Capital Ratio (%)	15,01	-
Tier I Capital Ratio (%)	17,15	-
Capital Adequacy Ratio (%)	18,19	-
<b>BUFFERS</b>		
Total additional core capital requirement ratio (a+b+c)	2,57	-
a) Capital conservation buffer requirement (%)	2,50	-
b) Bank specific countercyclical buffer requirement (%)	0,07	-
c) Higher bank buffer requirement ratio (%) (**)	-	-
Additional CET 1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	10,51	-
<b>Amounts Lower than Excesses as per Deduction Rules</b>		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	200.138	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	56.664	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	832.382	-
<b>Limits for Provisions Used in Tier II Capital Calculation</b>		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per the thousand)	9.514.207	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	6.173.798	-
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	-	-
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(\*) Amounts considered within transition provisions.

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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

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

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

	Prior Period 31 December 2019	Amount as per the regulation before 01/01/2014*
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	6.100.000	-
Share issue premiums	-	-
Reserves	52.110.376	-
Gains recognized in equity as per TAS	6.643.351	-
Profit	6.360.270	-
Current Period Profit	6.186.888	-
Prior Period Profit	173.382	-
Shares acquired free of charge from subsidiaries, affiliates and entities under common control and cannot be recognized within profit for the period	17.388	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>71.231.385</b>	<b>-</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	1.166.843	-
Improvement costs for operating leasing	20.164	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	745.089	745.089
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	-	-

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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

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

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

	Prior Period 31 December 2019	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	-	-
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>1.932.096</b>	-
<b>Total Common Equity Tier I Capital</b>	<b>69.299.289</b>	-
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	9.246.580	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>9.246.580</b>	-
<b>Deductions from Additional Tier I Capital</b>		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items to be defined by the BRSA (-)	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
<b>Total Deductions from Additional Tier I Capital</b>	-	-
<b>Total Additional Tier I Capital</b>	<b>9.246.580</b>	-
<b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>	<b>78.545.869</b>	-
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	5.185.668	-
<b>Tier II Capital Before Deductions</b>	<b>5.185.668</b>	-
<b>Deductions from Tier II Capital</b>		
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 (-)	-	-
<b>Total Deductions from Tier II Capital</b>	-	-
<b>Total Tier II Capital</b>	<b>5.185.668</b>	-
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>83.731.537</b>	-



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TURKISH**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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

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

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

	Prior Period 31 December 2019	Amount as per the regulation before 01/01/2014*
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>83.731.537</b>	-
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA (-)	95.359	-
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
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 be 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 be 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 be 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 (-)	-	-
<b>CAPITAL</b>		
Total Capital (Total of Tier I Capital and Tier II Capital)	83.636.178	-
Total Risk Weighted Assets	491.404.718	-
<b>CAPITAL ADEQUACY RATIOS</b>		
CET 1 Capital Ratio (%)	14,10	-
Tier I Capital Ratio (%)	15,98	-
Capital Adequacy Ratio (%)	17,02	-
<b>BUFFERS</b>		
Total additional core capital requirement ratio (a+b+c)	2,52	-
a) Capital conservation buffer requirement (%)	2,50	-
b) Bank specific countercyclical buffer requirement (%)	0,02	-
c) Higher bank buffer requirement ratio (%) (**)	-	-
Additional CET 1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	9,60	-
<b>Amounts Lower than Excesses as per Deduction Rules</b>		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	180.672	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	90.883	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	1.148.611	-
<b>Limits for Provisions Used in Tier II Capital Calculation</b>		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per the thousand)	5.185.668	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	5.185.668	-
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	-	-
<b>Debt Instruments Covered by Temporary Article 4 (effective between 01 January 2018-01 January 2022)</b>		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(\*) Amounts considered within transition provisions

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

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UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN  
TURKISH**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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

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

**2. Items Included in Capital Calculation**

<b>Information about instruments included in total capital calculation-Current Period</b>	
Issuer	T.C Ziraat Bankası A.Ş.
Identifier (CUSIP, ISIN vb.)	XS1984644739
Governing law (s) of the instrument	Subject to English Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Communiqué VII-128.8 on Debt Instruments of the Capital Markets Board and the Regulation on Bank Capital of the BRSA.
<b>Regulatory treatment</b>	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Eligible on unconsolidated and consolidated
Instrument type	Additional Capital Bond Issuance (Tier 1 Capital)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	12.531
Nominal value of instrument (TL million)	12.531
Accounting classification of the instrument	347001-Subordinated Debts
Original date of issuance	24 April 2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Issue date of the instrument	24 April 2019
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	Subject to the approval of the BRSA, a repayment option is available at the end of each 5-year period from the date of issue.
Subsequent call dates, if applicable	24 April 2024
<b>Interest/dividend payment</b>	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	First 5 years fixed 5,076%, next 5 years MS + 5,031% fixed
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	Fully discretionary
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
<b>Convertible into equity shares</b>	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
<b>Write-down feature</b>	
If bonds can be written-down, write-down trigger(s)	Yes. Article 7 of the Regulation on Bank Capital
If bond can be written-down, full or partial	Has full or partial write down feature
If bond can be written-down, permanent or temporary	Has permanent or temporary write down feature
If temporary write-down, description of write-up mechanism.	Has-write up mechanism
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.
Details of incompliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.

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UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN  
TURKISH**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance Sheet - Equity</b>	<b>84.677.836</b>	<b>70.064.542</b>
Operational Leasing Development Costs	(12.624)	(20.164)
Goodwill and Other Intangible Assets and Related Deferred Taxes Liabilities	(889.990)	(745.089)
TIER 2 Capital (Provisions)	6.173.798	5.185.668
Debt Instruments and the Related Issuance Premiums Defined by the BRSA TIER 2 Capital (Provisions)	12.530.560	9.246.580
Other deductions from common equity	(35.884)	(95.359)
Other regulations	4.459.470	-
<b>Amount recognized in regulatory capital</b>	<b>106.903.166</b>	<b>83.636.178</b>

**II. EXPLANATIONS ON THE CURRENCY RISK**

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

The Bank’s policy is to avoid carrying significant position by means of foreign currency management. 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 Bank operates, and the historical renewal rates of foreign exchange deposit accounts. "Structural Liquidity Gap Analysis" is performed. In addition, daily VAR analysis for the follow-up of the currency risk and within the scope of legal reporting, Foreign Currency Net General Position/Equity Standard Ratio and Foreign Currency Liquidity Position are regularly monitored. The Bank manages the Turkish Lira or foreign currency risks that may occur in domestic and international markets and follow the transactions that create these risks, and manages these risks at the optimum level within the framework of market expectations and within the scope of its strategies by considering the balance with other financial risks. Sensitivity analysis regarding the currency risk that the Group is exposed to is explained in Note 6.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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

**II. EXPLANATIONS ON THE CURRENCY RISK (Continued)**

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

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
23.09.2020	7,6280	8,8988	5,4189	1,1957	0,8499	8,2571	5,7104	0,8088	9,7363	2,0339	7,2440
24.09.2020	7,5691	8,8089	5,3142	1,1835	0,8278	8,1625	5,6490	0,7896	9,6248	2,0181	7,1779
25.09.2020	7,5748	8,8026	5,3182	1,1824	0,8312	8,1581	5,6524	0,7912	9,6252	2,0196	7,1703
28.09.2020	7,7034	8,9714	5,4325	1,2052	0,8493	8,3011	5,7566	0,8107	9,8912	2,0539	7,2963
29.09.2020	7,7653	9,1103	5,5274	1,2239	0,8660	8,4351	5,7980	0,8239	9,9800	2,0704	7,3528
30.09.2020	7,6336	8,9504	5,4718	1,2027	0,8533	8,3092	5,7130	0,8159	9,8711	2,0352	7,2336

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

USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
7,4758	8,8074	5,3984	1,1837	0,8450	8,1693	5,6529	0,8171	9,6753	1,9933	7,0802

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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

**II. EXPLANATIONS ON THE CURRENCY RISK (Continued)**

**6. Information on The Foreign Currency Risk of The Bank**

	EUR	USD	Other FC <sup>(1)</sup>	Total
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	28.734.139	27.326.639	10.235.762	66.296.540
Banks	792.109	1.926.075	499.473	3.217.657
Financial Assets at Fair Value Through Profit and Loss <sup>(2)</sup>	-	37.503	15.099.228	15.136.731
Money Markets Receivables	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	8.877.191	79.157.406	118.922	88.153.519
Loans <sup>(3)</sup>	55.634.354	86.145.054	219.099	141.998.507
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures)	2.122.451	1.250.272	-	3.372.723
Financial Assets Measured at Amortised Cost	13.372.151	3.661.046	1.134	17.034.331
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	13.725	2.372	15.411	31.508
Intangible Assets	6.585	3.898	7.070	17.553
Other Assets <sup>(5)</sup>	1.782.848	3.964.005	78.181	5.825.034
<b>Total Assets <sup>(6)</sup></b>	<b>111.335.553</b>	<b>203.474.270</b>	<b>26.274.280</b>	<b>341.084.103</b>
<b>Liabilities</b>				
Interbank Deposits	12.482.247	897.051	223.433	13.602.731
Foreign Currency Deposits	129.032.998	117.521.025	45.431.221	291.985.244
Money Market Borrowings	-	24.561.949	-	24.561.949
Funds Provided from Other Financial Institutions	10.129.308	26.891.307	220	37.020.835
Issued Marketable Securities <sup>(7)</sup>	12.803.726	13.911.089	-	26.714.815
Miscellaneous Payables	1.753.217	102.134	14.919	1.870.270
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	813.125	2.791.953	110.742	3.715.820
<b>Total Liabilities</b>	<b>167.014.621</b>	<b>186.676.508</b>	<b>45.780.535</b>	<b>399.471.664</b>
<b>Net Balance Sheet Position</b>	<b>(55.679.068)</b>	<b>16.797.762</b>	<b>(19.506.255)</b>	<b>(58.387.561)</b>
<b>Net Off-Balance Sheet Position <sup>(4)</sup></b>	<b>56.026.171</b>	<b>(40.208.778)</b>	<b>22.494.693</b>	<b>38.312.086</b>
Financial Derivative Assets	64.827.422	61.050.267	23.623.492	149.501.181
Financial Derivative Liabilities	8.801.251	101.259.045	1.128.799	111.189.095
<b>Non-Cash Loans</b>	<b>42.136.814</b>	<b>50.048.487</b>	<b>8.214.307</b>	<b>100.399.608</b>
<b>Prior Period</b>				
Total Assets	89.048.642	127.705.243	11.744.891	228.498.776
Total Liabilities	131.167.995	128.509.449	20.110.556	279.788.000
<b>Net Balance Sheet Position</b>	<b>(42.119.353)</b>	<b>(804.206)</b>	<b>(8.365.665)</b>	<b>(51.289.224)</b>
<b>Net Off-Balance Sheet Position <sup>(4)</sup></b>	<b>44.304.336</b>	<b>(12.237.928)</b>	<b>9.701.530</b>	<b>41.767.938</b>
Financial Derivative Assets	50.670.614	62.729.032	10.593.739	123.993.385
Financial Derivative Liabilities	6.366.278	74.966.960	892.209	82.225.447
<b>Non-Cash Loans</b>	<b>32.279.847</b>	<b>41.797.633</b>	<b>6.626.573</b>	<b>80.704.053</b>

(1) The foreign currencies presented in the other FC column of assets 95,35% is Gold 1,71% is GBP, 0,77% is SAR, 0,46% is IQD, and the remaining 1,71% is other foreign currencies. The foreign currencies presented in the other FC column of liabilities, 83,89% is Gold, 7,50% is GBP, 3,16% is CHF, 1,16% is DKK, 2,15% is SAR and the remaining 2,14% is other foreign currencies. (31 December 2019: Of the foreign currencies presented in the other FC column of assets 91,51% is Gold, 2,23% is SAR, 0,93% is IQD, and the remaining 3,36% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 77,67% Gold, 11,07% GBP, 4,94% CHF, 1,79% DKK, 1,38% consists of SAR and the remaining 3,15% from other currencies.)

(2) TL 15.099.228 (31 December 2019: 1.856.094 TL) equivalent to Financial Assets at Fair Value through Profit and Loss Other FC balance arises from gold indexed bonds.

(3) TL 133.169 (31 December 2019: 108.045 TL) equivalent of loans granted is USD and TL 52.193 (31 December 2019: 74.099 TL) equivalent of balance is caused by foreign currency indexed loans.

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

(5) Prepaid expenses in other assets amounting to TL 7.163 are not included in the table.

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

(7) Includes subordinated debt instruments.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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

**II. EXPLANATIONS ON THE CURRENCY RISK (Continued)**

**6. Information on The Foreign Currency Risk of The Bank (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 nine-month period ending on 30 September 2020 and 30 September 2019 is shown in the table below.

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

	Current Period - 30 September 2020		Prior Period - 30 September 2019	
	Profit/Loss Statement	Equity (*)	Profit/Loss Statement	Equity (*)
USD	(1.993.233)	(2.119.716)	(57.182)	(172.283)
EUR	(14.196)	(224.985)	64.886	(146.062)
Other currencies	7.024	7.024	12.997	12.997
<b>Total (Net) (**)</b>	<b>(2.000.405)</b>	<b>(2.337.677)</b>	<b>20.701</b>	<b>(305.348)</b>

(\*) 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.

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 nine-month period ending on 30 September 2020 and 30 September 2019 is shown in the table below.

	Current Period - 30 September 2020		Prior Period - 30 September 2019	
	Profit/Loss Statement	Equity (*)	Profit/Loss Statement	Equity (*)
USD	1.993.233	2.119.716	57.182	172.283
EUR	14.196	224.985	(64.886)	146.062
Other currencies	(7.024)	(7.024)	(12.997)	(12.997)
<b>Total (Net) (**)</b>	<b>2.000.405</b>	<b>2.337.677</b>	<b>(20.701)</b>	<b>305.348</b>

(\*) 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.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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

**III. EXPLANATIONS ON THE INTEREST RATE RISK**

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

(Based on days to repricing dates)

<b>Current Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	3.800.120	-	-	-	-	67.950.313	71.750.433
Banks	1.649.260	34.550	61.815	-	-	1.540.696	3.286.321
Financial Assets at Fair Value Through Profit and Loss	1.914.589	1.499.504	9.392.134	2.398.965	8.416	-	15.213.608
Money Markets Receivables	179.053	-	-	-	-	-	179.053
Financial Assets at Fair Value Through Other Comprehensive Income	8.149.603	21.842.664	45.942.030	60.402.712	38.827.102	830.945	175.995.056
Loans Given <sup>(3)</sup>	141.428.948	50.138.379	116.738.720	222.512.227	51.072.647	3.253.455	585.144.376
Financial Assets Measured at Amortised Cost	40.186	46.450	9.880.831	14.996.507	3.952.525	-	28.916.499
Other Assets <sup>(2)</sup>	473.552	2.595.315	1.726.879	127.929	1.093.946	37.185.592	43.203.213
<b>Total Assets <sup>(1)(5)</sup></b>	<b>157.635.311</b>	<b>76.156.862</b>	<b>183.742.409</b>	<b>300.438.340</b>	<b>94.954.636</b>	<b>110.761.001</b>	<b>923.688.559</b>
<b>Liabilities</b>							
Interbank Deposits	21.696.816	8.686.895	68.124	-	-	2.289.873	32.741.708
Other Deposits	274.034.290	93.043.279	42.453.761	1.980.361	-	200.413.788	611.925.479
Money Market Borrowings	85.937.039	4.007.907	1.544.032	1.354.408	-	-	92.843.386
Miscellaneous Payables	-	-	-	-	-	10.979.534	10.979.534
Issued Marketable Securities <sup>(6)</sup>	302.870	611.479	4.096.411	23.446.320	-	-	28.457.080
Funds Provided from Other Financial Institutions	12.146.885	8.538.042	9.463.370	6.929.753	610.315	-	37.688.365
Other Liabilities <sup>(4)</sup>	1.387.932	1.141.190	249.932	1.086.513	6.230.555	98.956.885	109.053.007
<b>Total Liabilities <sup>(1)</sup></b>	<b>395.505.832</b>	<b>116.028.792</b>	<b>57.875.630</b>	<b>34.797.355</b>	<b>6.840.870</b>	<b>312.640.080</b>	<b>923.688.559</b>
<b>Balance Sheet Long Position</b>	-	-	<b>125.866.779</b>	<b>265.640.985</b>	<b>88.113.766</b>	-	<b>479.621.530</b>
<b>Balance Sheet Short Position</b>	<b>(237.870.521)</b>	<b>(39.871.930)</b>	-	-	-	<b>(201.879.079)</b>	<b>(479.621.530)</b>
Off-Balance Sheet Long Position	-	3.676.269	179.380	10	-	-	3.855.659
Off-Balance Sheet Short Position	(490.195)	-	-	-	(1.015.345)	-	(1.505.540)
<b>Total Position</b>	<b>(238.360.716)</b>	<b>(36.195.661)</b>	<b>126.046.159</b>	<b>265.640.995</b>	<b>87.098.421</b>	<b>(201.879.079)</b>	<b>2.350.119</b>

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

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

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

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

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

<sup>(6)</sup> Includes subordinated debt instruments.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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

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

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

(Based on days to repricing dates)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	29.153.534	-	-	-	-	23.053.613	52.207.147
Banks	457.130	-	61.906	-	-	4.334.021	4.853.057
Financial Assets at Fair Value Through Profit and Loss	26.018	61.107	965.783	837.851	7.126	-	1.897.885
Money Markets Receivables	328.596	-	-	-	-	-	328.596
Financial Assets at Fair Value Through Other Comprehensive Income	16.151.890	10.418.649	27.788.033	25.045.470	30.716.396	766.279	110.886.717
Loans Given <sup>(3)</sup>	134.348.424	32.041.250	84.875.895	146.483.937	32.798.550	4.426.443	434.974.499
Financial Assets Measured at Amortised Cost	2.460.269	84.298	710.377	10.570.596	3.722.174	-	17.547.714
Other Assets <sup>(2)</sup>	1.092.860	1.331.551	399.731	51.871	12.881	24.171.682	27.060.576
<b>Total Assets <sup>(1)(5)</sup></b>	<b>184.018.721</b>	<b>43.936.855</b>	<b>114.801.725</b>	<b>182.989.725</b>	<b>67.257.127</b>	<b>56.752.038</b>	<b>649.756.191</b>
<b>Liabilities</b>							
Interbank Deposits	20.677.298	6.868.724	405.635	-	-	3.528.208	31.479.865
Other Deposits	181.302.372	67.626.548	44.984.490	1.369.474	869	120.487.355	415.771.108
Money Market Borrowings	45.101.031	2.948.343	541.873	684.163	-	-	49.275.410
Miscellaneous Payables	-	-	-	-	-	7.490.147	7.490.147
Issued Marketable Securities	54.957	2.591.278	371.294	19.654.454	-	-	22.671.983
Funds Provided from Other Financial Institutions	6.333.174	6.012.324	15.563.009	5.937.602	682.381	-	34.528.490
Other Liabilities <sup>(4)</sup>	1.628.007	147.377	422.109	921.942	5.227.647	80.192.106	88.539.188
<b>Total Liabilities <sup>(1)</sup></b>	<b>255.096.839</b>	<b>86.194.594</b>	<b>62.288.410</b>	<b>28.567.635</b>	<b>5.910.897</b>	<b>211.697.816</b>	<b>649.756.191</b>
<b>Balance Sheet Long Position</b>	-	-	<b>52.513.315</b>	<b>154.422.090</b>	<b>61.346.230</b>	-	<b>268.281.635</b>
<b>Balance Sheet Short Position</b>	<b>(71.078.118)</b>	<b>(42.257.739)</b>	-	-	-	<b>(154.945.778)</b>	<b>(268.281.635)</b>
Off-Balance Sheet Long Position	-	-	-	6	-	-	6
Off-Balance Sheet Short Position	(150.673)	(36.895)	(88.465)	-	-	-	(276.033)
<b>Total Position</b>	<b>(71.228.791)</b>	<b>(42.294.634)</b>	<b>52.424.850</b>	<b>154.422.096</b>	<b>61.346.230</b>	<b>(154.945.778)</b>	<b>(276.027)</b>

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

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

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

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

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



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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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

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

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

	EUR	USD	JPY	TL
<b>Current Period <sup>(4)</sup></b>				
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey <sup>(1)</sup>	-	-	-	7,00
Banks	4,30	0,50	-	13,45
Financial Assets at Fair Value Through Profit or Loss	-	5,36	-	7,13
Money Market Receivables	-	-	-	10,78
Financial Assets at Fair Value Through Other Comprehensive Income	2,86	4,75	-	10,00
Loans Given <sup>(2)</sup>	4,64	5,28	5,95	10,54
Financial Assets Measured at Amortised Cost	4,90	7,47	-	10,33
<b>Liabilities</b>				
Interbank Deposits	0,19	0,25	-	11,80
Other Deposits	0,43	1,77	-	9,84
Money Market Borrowings	-	2,36	-	11,60
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities <sup>(3)</sup>	5,08	4,87	-	14,56
Funds Provided from Other Financial Institutions	1,63	2,72	-	10,96

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

(2) Credit card loan balances are not included.

(3) Subordinated debt instruments are included.

(4) Foreign branches are excluded.

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

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

(2) Credit card loans balances are not included.

(3) Subordinated debt instruments are included <sup>(4)</sup>Foreign branches are excluded.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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

**IV. EXPLANATIONS ON THE POSITION RISK OF EQUITY INSTRUMENTS**

**1. Equity Instruments Position Risk Derived from Banking Books**

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

Investments in Equity Instruments - Current Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	-	-	-
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	-	-	-
Traded on Stock Exchange	-	-	-
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other (*)	178.841	178.841	-

(\*) The market values are taken into account as fair values because the equity investments are not traded in the stock exchange and for those whose fair value cannot be determined.

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 (*)	153.641	153.641	-

(\*) The market values are taken into account as fair values because the equity investments are not traded in the stock exchange and for those whose fair value cannot be determined.

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

The investments in equity instruments, partaking in banking accounts according to the credit risk standard method, are amounted TL 178.841 and 100% of them are risk weighted (31 December 2019: TL 153.641 and 100% of them are risk weighted).

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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

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

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

The Bank conducts the remaining maturity analysis in order to observe the maturity structure of its balance sheet, liquidity gap and structural liquidity gap analysis to monitor the liquidity need by periods, and Liquidity Stress Test in order to evaluate the liquidity need of the Bank in the worst possible situation. Core deposit analysis is carried out to determine the stable part of the deposit, which is the most important fund resource of the Bank. The renewal rates used in the analysis are taken into account on a daily basis. In addition, the Bank-sector maturity structures and legal liquidity ratios are monitored in order to compare the Bank’s liquidity risk level with the sector.

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

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

**1. Liquidity Risk**

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

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

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

Continuously the information exchange is actualized about the liquidity need and surpluses between the Bank and its subsidiaries, the necessary guidance and procedures are moderated by Financial Management Assistant General Management to direct liquidity risk and surpluses in an effective way.

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

The Bank’s main funding resource is deposit and the strategy of preserving the granular deposit structure is sustained. Moreover, within the diversification of funding strategy, long-term and cost-effective non-deposit funding is also targeted. In the non-deposit funding; repurchase agreements, post finance, syndication loan facility, loans from international financial institutions, marketable securities issuances, subordinated debt instruments and bilateral loan agreements are mainly considered.

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TURKISH**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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

**1. Liquidity Risk (Continued)**

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

The Bank’s total liabilities are consisted of mostly TL, USD and EUR currencies. Besides these currencies, 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 Bank’s source of funds is mainly formed of deposits. The Bank’s deposits do not fluctuate considerably in line with the broadly dispersed customer network and the garnular sturucutre of the deposits. Besides, in order to increase the diversification of funds and decrease the maturity gap between assets and liabilities, non-deposit funds such as bond/bill issuances, repo transactions and funds borrowed are executed.

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

***Explanation regarding the usage of the stress test***

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

***General information on liquidity urgent and unexpected situation plan***

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

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TURKISH**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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

**2. Liquidity Coverage Ratio**

Within the framework of "Regulation on Calculation of Liquidity Covered Rate of Banks" published in the Official Gazette dated 21 March 2014 and numbered 28948 by the BRSA, the Bank calculates the liquidity coverage ratio and transmits unconsolidated on weekly and consolidated on monthly basis to the BRSA. Within the last 3 months the unconsolidated lowest ratios are as follows: For FC 255,19 in the week of 18 September 2020; and for the total 128,51 in the week of 4 September 2020. The highest ratios that took place were for FC as 490,86 in the week of 28 August 2020 and for the total as 140,94 in the week of 24 July 2020 (31 December 2019: Within the last 3 months the unconsolidated lowest ratios are as follows: For FC as 433,12 in the week of 29 November 2019; and for the total 122,43 in the week of 29 November 2019. As for the highest ratios that took place were; for FC as 544,10 in the week of 25 October 2019 and for the total as 143,69 in the week of 20 December 2019).

Current Period	Total Unweighted Value (Average) <sup>(*)</sup>		Total Weighted Value (Average) <sup>(*)</sup>	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
High Quality Liquid Assets			154.159.331	67.379.763
<b>CASH OUTFLOWS</b>				
Retail and Small Business Customers, of which;	398.295.803	199.207.083	33.901.755	19.920.708
Stable deposits	118.556.502	-	5.927.825	-
Less stable deposits	279.739.301	199.207.083	27.973.930	19.920.708
Unsecured wholesale funding, of which;	200.708.570	73.979.027	95.920.631	38.561.710
Operational deposit	12.833.753	579.287	3.208.438	144.822
Non-operational deposits	160.068.818	63.364.070	71.004.794	28.448.160
Other unsecured funding	27.805.999	10.035.670	21.707.399	9.968.728
Secured funding			-	-
Other cash outflows, of which;	75.160.192	8.736.834	7.929.634	3.925.853
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.268.503	2.199.578	2.268.503	2.199.578
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	72.891.689	6.537.256	5.661.131	1.726.275
Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	49.774.527	34.573.339	2.878.049	1.728.667
<b>TOTAL CASH OUTFLOWS</b>			140.630.069	64.136.938
<b>CASH INFLOWS</b>				
Secured lending	-	-	-	-
Unsecured lending	36.658.207	17.664.875	25.363.052	13.675.754
Other cash inflows	1.342.214	30.317.472	1.342.214	30.317.472
<b>Total Cash Inflows</b>	38.000.421	47.982.347	26.705.266	43.993.226
			<b>Upper Limit</b>	<b>Applied Amounts</b>
<b>TOTAL HQLA STOCK</b>			<b>154.159.331</b>	<b>67.379.763</b>
<b>TOTAL NET CASH OUTFLOWS</b>			<b>113.924.803</b>	<b>21.489.840</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>135,32</b>	<b>313,54</b>

<sup>(\*)</sup> The average of last three months' liquidity coverage ratio calculated by weekly simple averages.

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TURKISH**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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

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

**2. Liquidity Coverage Ratio (Continued)**

Prior Period	Total Unweighted Value (Average) <sup>(*)</sup>		Total Weighted Value (Average) <sup>(*)</sup>	
	TL+FC	FC	TL+FC	FC
<b>High Quality Liquid Assets (“HQLA”)</b>				
High Quality Liquid Assets			100.902.069	53.873.101
<b>Cash Outflows</b>				
Retail and Small Business Customers, of which;	286.874.819	136.857.531	24.294.672	13.685.753
Stable deposits	87.856.203	-	4.392.810	-
Less stable deposits	199.018.616	136.857.531	19.901.862	13.685.753
Unsecured wholesale funding , of which;	125.584.130	49.613.462	65.330.544	26.539.540
Operational deposit	7.266.139	241.478	1.816.535	60.370
Non-operational deposits	101.558.203	43.391.817	49.995.269	20.555.490
Other unsecured funding	16.759.788	5.980.167	13.518.740	5.923.680
Secured funding			-	-
Other cash outflows, of which;	61.201.674	5.881.985	6.845.440	1.921.423
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.130.153	418.050	2.130.153	418.050
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	59.071.521	5.463.935	4.715.287	1.503.373
Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	45.422.930	29.331.892	2.505.052	1.466.595
<b>Total Cash Outflows</b>			<b>98.975.708</b>	<b>43.613.311</b>
<b>Cash Inflows</b>				
Secured lending	-	-	-	-
Unsecured lending	35.980.668	16.292.731	22.310.874	11.441.687
Other cash inflows	1.251.600	43.658.702	1.251.600	43.658.702
<b>Total Cash Inflows</b>	<b>37.232.268</b>	<b>59.951.433</b>	<b>23.562.474</b>	<b>55.100.389</b>
			<b>Upper Limit Applied Amounts</b>	
<b>Total HQLA Stock</b>			<b>100.902.069</b>	<b>53.873.101</b>
<b>Total Net Cash Outflows</b>			<b>75.413.234</b>	<b>10.903.328</b>
<b>Liquidity Coverage Ratio (%)</b>			<b>133,80</b>	<b>494,10</b>

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

**3. Minimum Statements Concerning Liquidity Coverage Ratio by Banks**

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

While 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 amount of the total deposits has an increasing pattern.

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

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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

**3. Minimum Statements Concerning Liquidity Coverage Ratio by Banks (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 portfolio (the important part of bonds and T-bills issued by Ministry of Treasury and Finance and other bonds).

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

The major part of the resources of funds in Bank 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 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 Bank’s Internal Capital Adequacy Assessment Process (“ICAAP”) with the approval of Senior Management. These limits are followed in particular frequency. Besides, it is being reported to the relevant units and senior management. There is no excess regarding the limits during operating period.

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

Liquidity needs and surpluses of the Bank's foreign branches and consolidated subsidiaries are regularly monitored and managed. There is no operational or legal restrictions preventing liquidity transfer. In the analysis made, it is seen that the effect of the foreign branches and subsidiaries on the Bank’s liquidity structure is limited in proportion to the balance sheet size. Liquidity needs and surpluses are met in the most appropriate way between partnerships and branches abroad.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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

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

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

**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 <sup>(1)</sup>	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	25.823.324	45.927.109	-	-	-	-	-	71.750.433
Banks	1.540.696	1.649.260	34.550	61.815	-	-	-	3.286.321
Financial Assets at Fair Value Through Profit and Loss	-	1.897.498	1.499.504	9.392.132	2.416.058	8.416	-	15.213.608
Money Market Receivables	-	179.053	-	-	-	-	-	179.053
Financial Assets at Fair Value Through Other Comprehensive Income	-	1.443.236	3.981.026	20.347.768	93.596.437	55.938.316	688.273	175.995.056
Loans Given	-	22.839.808	57.412.033	163.574.973	261.476.218	76.587.890	3.253.454	585.144.376
Investments Held-to-Maturity	-	40.186	46.450	2.625.169	14.996.508	11.208.186	-	28.916.499
Other Assets	7.144.823	486.174	3.043.493	2.214.322	127.929	1.050.446	29.136.026	43.203.213
<b>Total Assets<sup>(2)</sup></b>	<b>34.508.843</b>	<b>74.462.324</b>	<b>66.017.056</b>	<b>198.216.179</b>	<b>372.613.150</b>	<b>144.793.254</b>	<b>33.077.753</b>	<b>923.688.559</b>
<b>Liabilities</b>								
Interbank Deposits	2.289.873	21.696.816	8.686.895	68.124	-	-	-	32.741.708
Other Deposits	200.413.788	274.003.928	92.927.552	42.417.736	2.159.486	2.989	-	611.925.479
Funds Provided from Other Financial Institutions	-	822.752	1.887.856	16.995.110	13.927.909	4.054.738	-	37.688.365
Money Market Borrowings	-	85.937.039	4.007.907	1.544.032	1.354.408	-	-	92.843.386
Issued Marketable Securities <sup>(3)</sup>	-	302.870	611.479	4.096.411	23.446.320	-	-	28.457.080
Miscellaneous Payables	2.902.778	8.076.756	-	-	-	-	-	10.979.534
Other Liabilities	6.950.672	2.085.973	1.158.989	249.932	1.086.513	7.841.954	89.678.974	109.053.007
<b>Total Liabilities</b>	<b>212.557.111</b>	<b>392.926.134</b>	<b>109.280.678</b>	<b>65.371.345</b>	<b>41.974.636</b>	<b>11.899.681</b>	<b>89.678.974</b>	<b>923.688.559</b>
<b>Liquidity Gap</b>	<b>(178.048.268)</b>	<b>(318.463.810)</b>	<b>(43.263.622)</b>	<b>132.844.834</b>	<b>330.638.514</b>	<b>132.893.573</b>	<b>(56.601.221)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial Derivative Assets	-	(681.035)	813.669	1.896.939	10	320.535	-	2.350.118
Financial Derivative Liabilities	-	84.903.836	30.262.091	10.754.548	7.740	1.335.880	-	127.264.095
<b>Non-cash Loans</b>	<b>-</b>	<b>85.584.871</b>	<b>29.448.422</b>	<b>8.857.609</b>	<b>7.730</b>	<b>1.015.345</b>	<b>-</b>	<b>124.913.977</b>
	<b>45.112.339</b>	<b>4.514.830</b>	<b>11.148.028</b>	<b>41.201.100</b>	<b>33.923.753</b>	<b>5.700.594</b>	<b>-</b>	<b>141.600.644</b>
<b>Prior Period</b>								
Total Assets								
Total Liabilities	30.976.792	57.575.805	35.074.827	176.698.811	236.308.550	87.583.983	25.537.423	649.756.191
<b>Liquidity Gap</b>	<b>131.645.361</b>	<b>257.768.740</b>	<b>82.222.782</b>	<b>62.036.598</b>	<b>33.238.720</b>	<b>10.336.154</b>	<b>72.507.836</b>	<b>649.756.191</b>
	<b>(100.668.569)</b>	<b>(200.192.935)</b>	<b>(47.147.955)</b>	<b>114.662.213</b>	<b>203.069.830</b>	<b>77.247.829</b>	<b>(46.970.413)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial Derivative Assets	-	143.676	(34.663)	(88.465)	670.218	18.825	-	709.591
Financial Derivative Liabilities	-	71.356.363	24.683.220	6.719.809	1.357.756	735.875	-	104.853.023
<b>Non-cash Loans</b>	<b>-</b>	<b>71.212.687</b>	<b>24.717.883</b>	<b>6.808.274</b>	<b>687.538</b>	<b>717.050</b>	<b>-</b>	<b>104.143.432</b>
	<b>40.586.579</b>	<b>5.911.961</b>	<b>10.856.336</b>	<b>33.280.829</b>	<b>24.150.009</b>	<b>5.038.899</b>	<b>-</b>	<b>119.824.613</b>

(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 Credit Losses for financial assets and other assets are recognized in the related accounts.

(3) Includes subordinated debt instruments.



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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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

**VI. EXPLANATIONS ON LEVERAGE RATIO**

**1. Explanations on Issues that Cause Differences Between Leverage Ratios**

The Bank’s leverage calculated by force of the regulation “Regulation on Measurement and Assessment of Leverage Ratios of Banks” is 8,62% (31 December 2019: 9,32%). The increase on leverage results occur from the increase in Tier 1 capital amount. The regulation sentenced the minimum leverage as 3%.

<b>Balance sheet assets</b>	<b>Current Period (*)</b>	<b>Prior Period (*)</b>
On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	884.237.746	632.454.602
(Assets deducted in determining Tier 1 capital)	(6.014.280)	(2.509.960)
<b>Total on-balance sheet risks (sum of lines 1 and 2)</b>	<b>878.223.466</b>	<b>629.944.642</b>
<b>Derivative financial instruments and credit derivatives</b>		
Replacement cost associated with all derivative financial instruments and credit derivatives	6.499.533	2.569.958
Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	1.784.596	1.625.888
<b>Total risks of derivative financial instruments and credit derivatives</b>	<b>8.284.129</b>	<b>4.195.846</b>
<b>Securities or commodity financing transactions (SCFT)</b>		
Risks from SCFT assets	14.249.707	8.795.288
Risks from brokerage activities related exposures	-	-
<b>Total risks related with securities or commodity financing transactions</b>	<b>14.249.707</b>	<b>8.795.288</b>
<b>Other off-balance sheet transactions</b>		
Gross notional amounts of off-balance sheet transactions	215.003.549	180.614.425
(Adjustments for conversion to credit equivalent amounts)	-	-
<b>Total risks of off-balance sheet items</b>	<b>215.003.549</b>	<b>180.614.425</b>
<b>Capital and total risks</b>		
Tier 1 capital	96.115.073	76.774.417
<b>Total risks</b>	<b>1.115.760.851</b>	<b>823.550.201</b>
<b>Leverage ratio</b>		
Leverage ratio %	8,62	9,32

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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

**VII. EXPLANATIONS ON RISK MANAGEMENT**

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

**I. Explanations on Risk Management and Risk Weighted Amount**

*Overview of Risk Weighted Amounts*

		Risk Weighted Amount		Minimum Capital Requirement
		Current Period	Prior Period	Current Period
1	Credit Risk (excluding counterparty credit risk)	480.144.912	418.483.426	38.411.593
2	Standardised approach	480.144.912	418.483.426	38.411.593
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	5.806.093	5.751.999	464.488
5	Standardised approach for counterparty credit risk	5.806.093	5.751.999	464.488
6	Internal model method	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies-look through approach	-	-	-
9	Investments made in collective investment companies-mandate-based approach	7.952.865	4.416.689	636.229
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	54.365.680	27.461.275	4.349.254
17	Standardised approach	54.365.680	27.461.275	4.349.254
18	Internal model approaches	-	-	-
19	Operational risk	39.441.393	35.291.329	3.155.311
20	Basic Indicator approach	39.441.393	35.291.329	3.155.311
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	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>587.710.943</b>	<b>491.404.718</b>	<b>47.016.875</b>

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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

**VIII. EXPLANATIONS ON OPERATING SEGMENTS**

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

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

Known as having the most extensive branch network in retail banking sector, the Bank renders services, such as; deposits, consumer loans, loans originated from public funds whose risk does not belong to the 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 Bank has the technical infrastructure required by modern banking to meet its clients’ needs.

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

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

Treasury transactions and international banking activities are conducted by the Treasury Management 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 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 Bank acts as an intermediary for sale and purchase of securities, for public offerings as an agency of Ziraat Yatırım Menkul Değerler A.Ş. and for transaction of mutual funds founded by Ziraat Portföy Yönetimi A.Ş. and other portfolio management companies’. It also provides custody service for these financial instruments and besides, long term financing from banks and international financial institutions, issuing bonds in local and international markets, managing relationship with correspondent banks so as to diversify its funding base are among the responsibilities of the department.

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

As of 30 September 2020 explanations on segment reporting as shown on the following page are in line with Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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

**VIII. EXPLANATIONS ON OPERATING SEGMENTS (Continued)**

**1. Table for Segment Reporting**

<b>Current Period</b>	<b>Retail Banking</b>	<b>Corporate/ Entrepreneur Banking</b>	<b>Specialized Banking</b>	<b>Treasury/ Investment Banking</b>	<b>Other/ Undistributed</b>	<b>Total</b>
<b>OPERATING INCOME/EXPENSE</b>						
Interest Income	11.152.229	16.306.959	6.288.910	15.884.508	136.916	49.769.522
Interest Income from Loans	11.152.229	16.306.959	6.288.910	4.734.563	-	38.482.661
Interest Income from Banks	-	-	-	42.386	-	42.386
Interest Income from Securities	-	-	-	10.987.563	-	10.987.563
Other Interest Income	-	-	-	119.996	136.916	256.912
<b>Interest Expense</b>	<b>9.215.298</b>	<b>4.747.307</b>	<b>-</b>	<b>6.293.945</b>	<b>1.100.283</b>	<b>21.356.833</b>
Interest Expense on Deposits	9.215.298	4.747.307	-	1.106.110	-	15.068.715
Interest Expense on Funds Borrowed	-	-	-	941.415	-	941.415
Interest Expense on Money Market Transactions	-	-	-	3.048.898	-	3.048.898
Interest Expense on Securities Issued	-	-	-	1.197.522	-	1.197.522
Other Interest Expense	-	-	-	-	1.100.283	1.100.283
<b>Net Interest Income/Expense</b>	<b>1.936.931</b>	<b>11.559.652</b>	<b>6.288.910</b>	<b>9.590.563</b>	<b>(963.367)</b>	<b>28.412.689</b>
<b>Net Fees and Commission Income</b>	<b>1.800.568</b>	<b>1.362.787</b>	<b>91.534</b>	<b>(828.355)</b>	<b>(258.523)</b>	<b>2.168.011</b>
Fees and Commissions Received	1.800.568	1.362.787	91.534	3.869	223.846	3.482.604
Fees and Commissions Paid	-	-	-	832.224	482.369	1.314.593
<b>Dividend Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.113.605</b>	<b>-</b>	<b>1.113.605</b>
Trading Profit/Loss (Net)	-	-	-	(7.041.047)	-	(7.041.047)
<b>Other Operating Income</b>	<b>38.455</b>	<b>177.637</b>	<b>18.548</b>	<b>3.984</b>	<b>1.982.745</b>	<b>2.221.369</b>
Provision for Expected Loss (-)	2.088.209	4.076.151	984.363	-	-	7.148.723
Other Provision Expenses(-)	-	-	-	20.670	2.019.100	2.039.770
Personnel Expenses (-)	-	-	-	-	3.436.198	3.436.198
<b>Other Operating Expense</b>	<b>2.482.233</b>	<b>59.969</b>	<b>52.808</b>	<b>-</b>	<b>3.436.029</b>	<b>6.031.039</b>
<b>Net Operating Profit/Loss</b>	<b>(794.488)</b>	<b>8.963.956</b>	<b>5.361.821</b>	<b>2.818.080</b>	<b>(8.130.472)</b>	<b>8.218.897</b>
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	-	-
Tax Provision	-	-	-	-	(2.129.711)	(2.129.711)
<b>Net Profit/Loss</b>	<b>(794.488)</b>	<b>8.963.956</b>	<b>5.361.821</b>	<b>2.818.080</b>	<b>(10.260.183)</b>	<b>6.089.186</b>
<b>SEGMENT ASSETS</b>						
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	15.213.608	-	15.213.608
Banks and Receivables from Money Markets	-	-	-	3.465.374	-	3.465.374
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	175.995.056	-	175.995.056
Loans	174.785.749	310.583.975	81.472.525	18.302.127	-	585.144.376
Financial Assets Measured at Amortised Cost (Net)	-	-	-	28.916.500	-	28.916.500
Derivative Financial Assets	-	-	-	5.820.405	-	5.820.405
Associates, Subsidiaries and Entities under Common Control	-	-	-	12.600.749	-	12.600.749
Other Assets	10.183	5.096.269	117.382	66.688.688	24.619.969	96.532.491
<b>Total Segment Assets</b>	<b>174.795.932</b>	<b>315.680.244</b>	<b>81.589.907</b>	<b>327.002.507</b>	<b>24.619.969</b>	<b>923.688.559</b>
<b>SEGMENT LIABILITIES</b>						
Deposits	428.644.988	144.791.803	-	32.825.688	38.404.708	644.667.187
Derivative Financial Liabilities Held for Trading	-	-	-	3.165.841	-	3.165.841
Funds Borrowed	-	-	-	37.688.365	-	37.688.365
Money Markets Borrowings	9.841	45.459.689	-	47.373.856	-	92.843.386
Securities Issued (Net)	-	-	-	15.653.354	-	15.653.354
Provisions	-	1.376.182	-	-	4.702.235	6.078.417
Other Liabilities	-	-	-	-	38.914.173	38.914.173
Shareholders' Equity	-	-	-	-	84.677.836	84.677.836
<b>Total Segment Liabilities</b>	<b>428.654.829</b>	<b>191.627.674</b>	<b>-</b>	<b>136.707.104</b>	<b>166.698.952</b>	<b>923.688.559</b>

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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

**VIII. EXPLANATIONS ON OPERATING SEGMENTS (Continued)**

**1. Table for Segment Reporting (Continued)**

Prior Period – 30 September 2019	Retail Banking	Corporate/ Entrepreneur Banking	Specialized Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
<b>OPERATING INCOME/EXPENSE</b>						
<b>Interest Income</b>	<b>10.597.061</b>	<b>18.560.319</b>	<b>6.099.298</b>	<b>13.713.572</b>	<b>104.327</b>	<b>49.074.577</b>
Interest Income from Loans	10.597.061	18.560.319	6.099.298	4.146.960	-	39.403.638
Interest Income from Banks	-	-	-	269.449	-	269.449
Interest Income from Securities	-	-	-	8.885.193	-	8.885.193
Other Interest Income	-	-	-	411.970	104.327	516.297
<b>Interest Expense</b>	<b>14.287.829</b>	<b>5.691.152</b>	<b>-</b>	<b>12.133.832</b>	<b>276.332</b>	<b>32.389.145</b>
Interest Expense on Deposits	14.287.829	5.691.152	-	2.288.844	-	22.267.825
Interest Expense on Funds Borrowed	-	-	-	1.261.811	-	1.261.811
Interest Expense on Money Market Transactions	-	-	-	7.597.044	-	7.597.044
Interest Expense on Securities Issued	-	-	-	986.133	-	986.133
Other Interest Expense	-	-	-	-	276.332	276.332
<b>Net Interest Income/Expense</b>	<b>(3.690.768)</b>	<b>12.869.167</b>	<b>6.099.298</b>	<b>1.579.740</b>	<b>(172.005)</b>	<b>16.685.432</b>
<b>Net Fees and Commission Income</b>	<b>2.260.323</b>	<b>1.535.308</b>	<b>85.748</b>	<b>(1.372.010)</b>	<b>(33.583)</b>	<b>2.475.786</b>
Fees and Commissions Received	2.260.323	1.535.308	85.748	8.830	181.602	4.071.811
Fees and Commissions Paid	-	-	-	1.380.840	215.185	1.596.025
<b>Dividend Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.059.898</b>	<b>-</b>	<b>1.059.898</b>
<b>Trading Profit/Loss (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6.281.478)</b>	<b>-</b>	<b>(6.281.478)</b>
<b>Other Operating Income</b>	<b>29.619</b>	<b>135.097</b>	<b>20.924</b>	<b>4.202</b>	<b>944.256</b>	<b>1.134.098</b>
<b>Provision for Expected Loss (-)</b>	<b>831.464</b>	<b>1.904.752</b>	<b>535.370</b>	<b>-</b>	<b>-</b>	<b>3.271.586</b>
<b>Other Provision Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.064</b>	<b>3.300</b>	<b>4.364</b>
<b>Personnel Expenses (-)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.575.877</b>	<b>2.575.877</b>
<b>Other Operating Expense</b>	<b>1.618.164</b>	<b>39.760</b>	<b>43.660</b>	<b>-</b>	<b>2.800.137</b>	<b>4.501.721</b>
<b>Net Operating Profit/Loss</b>	<b>(3.850.454)</b>	<b>12.595.060</b>	<b>5.626.940</b>	<b>(5.010.712)</b>	<b>(4.640.646)</b>	<b>4.720.188</b>
<b>Profit/Loss on Equity Method Applied Subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tax Provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(876.014)</b>	<b>(876.014)</b>
<b>Net Profit/Loss</b>	<b>(3.850.454)</b>	<b>12.595.060</b>	<b>5.626.940</b>	<b>(5.010.712)</b>	<b>(5.516.660)</b>	<b>3.844.174</b>
<b>SEGMENT ASSETS</b>						
<b>31 December 2019</b>						
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	1.897.885	-	1.897.885
Banks and Receivables from Money Markets	-	-	-	5.181.653	-	5.181.653
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	110.886.717	-	110.886.717
Loans	117.853.602	229.969.949	70.408.159	16.742.789	-	434.974.499
Financial Assets Measured at Amortised Cost (Net)	-	-	-	17.547.714	-	17.547.714
Derivative Financial Assets	-	-	-	2.797.886	-	2.797.886
Associates, Subsidiaries and Entities under Common Control	-	-	-	7.602.451	-	7.602.451
Other Assets	18.767	4.479.822	150.770	45.640.968	18.577.059	68.867.386
<b>Total Segment Assets</b>	<b>117.872.369</b>	<b>234.449.771</b>	<b>70.558.929</b>	<b>208.298.063</b>	<b>18.577.059</b>	<b>649.756.191</b>
<b>SEGMENT LIABILITIES</b>						
<b>31 December 2019</b>						
Deposits	317.327.558	82.904.436	-	31.398.883	15.620.096	447.250.973
Derivative Financial Liabilities Held for Trading	-	-	-	1.658.858	-	1,658,858
Funds Borrowed	-	-	-	34,528,490	-	34,528,490
Money Markets Borrowing	6,649	26,580,217	-	22,688,544	-	49,275,410
Securities Issued (Net)	-	-	-	13,106,026	-	13,106,026
Provisions	-	1,086,387	-	-	2,732,191	3,818,578
Other Liabilities	-	-	-	-	30,053,314	30,053,314
Shareholders' Equity	-	-	-	-	70,064,542	70,064,542
<b>Total Segment Liabilities</b>	<b>317.334.207</b>	<b>110.571.040</b>	<b>-</b>	<b>103.380.801</b>	<b>118.470.143</b>	<b>649.756.191</b>

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**SECTION FIVE**

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS**

**I. EXPLANATIONS AND NOTES RELATED TO 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	1.733.740	2.857.886	2.066.402	2.071.843
Central Bank of the Republic of Turkey	3.720.602	62.968.086	780.011	44.730.986
Other	300	470.568	-	2.558.417
<b>Total</b>	<b>5.454.642</b>	<b>66.296.540</b>	<b>2.846.413</b>	<b>49.361.246</b>

*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 aforementioned Communiqué. Required reserves are calculated every two weeks and established for 14 day intervals.

With the amendments made in 2019, the Central Bank has linked the TL and FC required reserve rates and the interest to be paid on the required reserves maintained in TL with the annual growth rates of TL cash loans. Required reserve rates vary according to the maturity structure of the liabilities, and are applied between 1%-7% for TL deposits and other liabilities, 5%-24% 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	3.577.048	17.178.308	672.664	15.680.915
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	1.525	-	-
Other <sup>(1)</sup>	143.554	45.788.253	107.347	29.050.071
<b>Total</b>	<b>3.720.602</b>	<b>62.968.086</b>	<b>780.011</b>	<b>44.730.986</b>

<sup>(1)</sup> Includes required reserves and CBRT restricted electronic money funds amounting to TL 3.950. Required reserve of branches abroad amounting to TL 232.513 is presented in this line. TL 3.376.979 of the current period’s FC required reserve is the part of the required reserves that are held in FC (31 December 2019: Includes required reserves and CBRT restricted electronic money funds amounting to TL 3.373. Required reserve of branches abroad amounting to TL 160.297 is presented in this line. TL 3.317.307 of the current period’s FC required reserve is the part of the required reserves that are held in FC).

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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	-	-
Assets Blocked/Given as Collateral	15.044.188	-
<b>Total</b>	<b>15.044.188</b>	<b>-</b>

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**3. Positive Differences Statement Regarding Trading Derivative Financial Assets**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	246.115	2.106	156.547	33.478
Swap Transactions	3.699.804	1.872.380	1.139.190	1.468.650
Futures Transactions	-	-	-	-
Options	-	-	-	21
Other	-	-	-	-
<b>Total</b>	<b>3.945.919</b>	<b>1.874.486</b>	<b>1.295.737</b>	<b>1.502.149</b>

**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	-	1.185.216	2.118	14.990
Foreign Banks	69.042	2.032.623	127.733	4.708.538
Foreign Head Office and Branches	-	-	-	-
<b>Total</b>	<b>69.042</b>	<b>3.217.839</b>	<b>129.851</b>	<b>4.723.528</b>

**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	74.158.565	50.605.054
Assets Blocked/Given as Collateral	55.555.705	30.536.506
<b>Total</b>	<b>129.714.270</b>	<b>81.141.560</b>

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

	Current Period	Prior Period
Debt Securities	181.135.071	112.464.458
Quoted in Stock Exchange	180.826.586	112.263.419
Not Quoted in Stock Exchange	308.485	201.039
Share Certificates	718.091	554.295
Quoted in Stock Exchange	509.497	376.498
Not Quoted in Stock Exchange	208.594	177.797
Provision for Impairment (-)	5.858.106	2.132.036
<b>Total</b>	<b>175.995.056</b>	<b>110.886.717</b>

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**7. Information Related to Loans**

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	-	-	-
Granted loans to Legal Entity partners	-	-	-	-
Granted loans to Individual partners	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees <sup>(1)(2)</sup>	605.514	-	452.130	-
<b>Total</b>	<b>605.514</b>	<b>-</b>	<b>452.130</b>	<b>-</b>

<sup>(1)</sup> Interest rediscount and interest accrual amounting TL 4.197, are not included (31 December 2019: Interest rediscount and interest accrual amounting TL 4.228 are not included).

<sup>(2)</sup> Since the balance of overdraft accounts related to employees amounting TL 17.613, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above. (31 December:2019: Since the balance of overdraft accounts related to employees amounting TL 22.557, is showed under Table 7.4. as overdraft accounts (real person), it is not included to the table above.)

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

Current Period	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled Loans with revised contract terms	Refinancing
<b>Cash Loans</b>				
Non-Specialized Loans	460.336.672	23.662.013	13.855.440	-
Commercial Loans	272.026.396	12.631.863	13.672.090	-
Export Loans	3.805.115	797.378	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	4.859.528	8.840.106	-	-
Consumer Loans	164.115.949	1.183.128	179.698	-
Credit Cards	14.499.740	204.823	3.652	-
Other	1.029.944	4.715	-	-
Specialized Loans <sup>(1)(2)</sup>	74.713.062	1.372.574	1.252.562	-
Other Receivables	-	-	-	-
Interest Income Accruals	10.760.864	3.966.837	770.859	-
<b>Total</b>	<b>545.810.598</b>	<b>29.001.424</b>	<b>15.878.861</b>	<b>-</b>

<sup>(1)</sup> Funds originated agricultural loans are shown in specialized loans.

<sup>(2)</sup> Agricultural loans to support farmers are shown in specialized loans.

Prior Period	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled Loans with revised contract terms	Refinancing
<b>Cash Loans</b>				
Non-Specialized Loans	333.995.564	17.195.693	6.318.882	-
Commercial Loans	204.790.778	7.861.911	6.117.723	-
Export Loans	4.680.534	320.911	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	4.954.641	6.786.703	-	-
Consumer Loans	107.460.182	1.933.126	199.478	-
Credit Cards	11.061.529	287.413	1.681	-
Other	1.047.900	5.629	-	-
Specialized Loans <sup>(1)(2)</sup>	63.022.874	2.283.220	898.711	-
Other Receivables	-	-	-	-
Interest Income Accruals	8.440.854	2.670.652	465.814	-
<b>Total</b>	<b>405.459.292</b>	<b>22.149.565</b>	<b>7.683.407</b>	<b>-</b>

<sup>(1)</sup> Funds originated agricultural loans are shown in specialized loans.

<sup>(2)</sup> Agricultural loans to support farmers are shown in specialized loans.



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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL  
STATEMENTS (Continued)**

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

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

Expected Credit Loss of Stage 1 and Stage 2	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	1.992.926	-	1.346.524	-
Significant Increase in Credit Risk	-	6.807.036	-	3.397.684

**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
<b>Consumer Loans-TL</b>	759.648	162.594.068	163.353.716
Mortgage Loans <sup>(2)</sup>	6.437	91.475.649	91.482.086
Automotive Loans	7.205	906.503	913.708
Consumer Loans <sup>(2)</sup>	746.006	70.211.916	70.957.922
Other	-	-	-
<b>Consumer Loans- Indexed to FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	1.061	62.980	64.041
Mortgage Loans	-	8.504	8.504
Automotive Loans	-	-	-
Consumer Loans	1.061	54.476	55.537
Other	-	-	-
<b>Retail Credit Cards-TL</b>	8.099.593	199.648	8.299.241
With Installment	2.611.319	187.558	2.798.877
Without Installment	5.488.274	12.090	5.500.364
<b>Retail Credit Cards-FC</b>	644	-	644
With Installment	-	-	-
Without Installment	644	-	644
<b>Personnel Loans-TL</b>	17.681	419.804	437.485
Mortgage Loans	-	129	129
Automotive Loans	-	-	-
Consumer Loans	17.681	419.675	437.356
Other	-	-	-
<b>Personnel Loans-Indexed to FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	160.781	7.238	168.019
With Installment	62.508	7.000	69.508
Without Installment	98.273	238	98.511
<b>Personnel Credit Cards-FC</b>	10	-	10
With Installment	-	-	-
Without Installment	10	-	10
<b>Overdraft Accounts-TL (Real Person)</b>	1.623.533	-	1.623.533
<b>Overdraft Accounts-FC (Real Person)</b>	-	-	-
<b>Total <sup>(1)</sup></b>	<b>10.662.951</b>	<b>163.283.738</b>	<b>173.946.689</b>

<sup>(1)</sup> TL 935.969 amounting of interest income rediscount and accrual is not included.

<sup>(2)</sup> Funds originated consumer loans amounting to TL 3.994.758 are included.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL  
STATEMENTS (Continued)**

**I. EXPLANATIONS AND NOTES RELATED TO ASSETS (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
<b>Consumer Loans-TL</b>	1.124.603	106.403.629	107.528.232
Mortgage Loans <sup>(2)</sup>	16.423	64.771.146	64.787.569
Automotive Loans	6.481	384.676	391.157
Consumer Loans <sup>(2)</sup>	1.101.699	41.247.807	42.349.506
Other	-	-	-
<b>Consumer Loans- Indexed to FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	1.535	48.337	49.872
Mortgage Loans	-	6.989	6.989
Automotive Loans	-	-	-
Consumer Loans	1.535	41.348	42.883
Other	-	-	-
<b>Retail Credit Cards-TL</b>	7.013.410	189.176	7.202.586
With Installment	2.484.024	181.398	2.665.422
Without Installment	4.529.386	7.778	4.537.164
<b>Retail Credit Cards-FC</b>	762	-	762
With Installment	-	-	-
Without Installment	762	-	762
<b>Personnel Loans-TL</b>	21.460	275.212	296.672
Mortgage Loans	-	131	131
Automotive Loans	-	-	-
Consumer Loans	21.460	275.081	296.541
Other	-	-	-
<b>Personnel Loans-Indexed to FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	148.749	6.658	155.407
With Installment	56.923	6.508	63.431
Without Installment	91.826	150	91.976
<b>Personnel Credit Cards-FC</b>	51	-	51
With Installment	-	-	-
Without Installment	51	-	51
<b>Overdraft Accounts-TL (Real Person)</b>	1.718.010	-	1.718.010
<b>Overdraft Accounts-FC (Real Person)</b>	-	-	-
<b>Total <sup>(1)</sup></b>	<b>10.028.580</b>	<b>106.923.012</b>	<b>116.951.592</b>

<sup>(1)</sup> TL 796.082 of interest income rediscount and accrual is not included.

<sup>(2)</sup> Funds originated consumer loans amounting to TL 3.908.975 are included.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**7. Information Related to Loans (Continued)**

**7.4. Information on Commercial Installment Loans and Corporate Credit Cards**

<b>Current Period</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Installment Based Commercial Loans-TL</b>	2.530.414	109.486.227	112.016.641
Mortgage Loans	1.149	669.955	671.104
Automotive Loans	41.797	1.467.906	1.509.703
Consumer Loans	2.487.468	107.348.366	109.835.834
Other	-	-	-
<b>Installment Based Commercial Loans- Indexed to FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Installment Based Commercial Loans - FC</b>	12.768	36.310.461	36.323.229
Mortgage Loans	-	52.634	52.634
Automotive Loans	-	2.223	2.223
Consumer Loans	12.768	36.255.604	36.268.372
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	6.180.654	58.958	6.239.612
With Installment	2.579.449	58.958	2.638.407
Without Installment	3.601.205	-	3.601.205
<b>Corporate Credit Cards-FC</b>	689	-	689
With Installment	-	-	-
Without Installment	689	-	689
<b>Overdraft Account-TL (Legal Entity)</b>	706.446	-	706.446
<b>Overdraft Account-FC (Legal Entity)</b>	-	-	-
<b>Total <sup>(1)</sup></b>	<b>9.430.971</b>	<b>145.855.646</b>	<b>155.286.617</b>

<sup>(1)</sup> Accrual and rediscount amounts related to loans are not included in the table.

<b>Prior Period</b>	<b>Short - Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Installment Based Commercial Loans-TL</b>	1.785.721	49.899.587	51.685.308
Mortgage Loans	2.253	485.569	487.822
Automotive Loans	57.549	1.130.670	1.188.219
Consumer Loans	1.725.919	48.283.348	50.009.267
Other	-	-	-
<b>Installment Based Commercial Loans- Indexed to FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Installment Based Commercial Loans - FC</b>	27.940	30.747.951	30.775.891
Mortgage Loans	-	40.163	40.163
Automotive Loans	-	2.186	2.186
Consumer Loans	27.940	30.705.602	30.733.542
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	3.959.096	32.154	3.991.250
With Installment	1.494.093	28.798	1.522.891
Without Installment	2.465.003	3.356	2.468.359
<b>Corporate Credit Cards-FC</b>	567	-	567
With Installment	-	-	-
Without Installment	567	-	567
<b>Overdraft Account-TL (Legal Entity)</b>	718.320	-	718.320
<b>Overdraft Account-FC (Legal Entity)</b>	-	-	-
<b>Total <sup>(1)</sup></b>	<b>6.491.644</b>	<b>80.679.692</b>	<b>87.171.336</b>

<sup>(1)</sup> Accrual and rediscount amounts related to loans are not included in the table.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**7. Information Related to Loans (Continued)**

**7.5. Distribution of Domestic and Foreign Loans**

	<b>Current Period</b>	<b>Priod Period</b>
Domestic Loans	561.798.186	413.792.927
Foreign Loans	13.394.137	9.922.017
Interest Income Accruals of Loans	15.498.560	11.577.320
<b>Total</b>	<b>590.690.883</b>	<b>435.292.264</b>

**7.6. Loans Granted to Investments in Associates and Subsidiaries**

	<b>Current Period</b>	<b>Priod Period</b>
Direct loans granted to subsidiaries and associates	1.812.118	2.288.776
Indirect loans granted to subsidiaries and associates	-	-
<b>Total</b>	<b>1.812.118</b>	<b>2.288.776</b>

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

	<b>Current Period</b>	<b>Priod Period</b>
Loans and other receivables with limited collectability	136.633	548.928
Loans and other receivables with doubtful collectability	794.054	1.491.663
Uncollectible loans and other receivables	8.642.652	6.223.453
<b>Total</b>	<b>9.573.339</b>	<b>8.264.044</b>

**7.8. Information on Non-performing Loans (Net)**

**7.8.1. Information on Non-performing Loans Restructured or Rescheduled and other Receivables**

	<b>Group III Loans and receivables with limited collectability</b>	<b>Group IV Loans and receivables with doubtful collectability</b>	<b>Group V Uncollectible loans and receivables</b>
<b>Current Period</b>			
Gross amounts before the provisions	46	140.010	483.542
Restructured loans	46	140.010	483.542
<b>Period Period</b>			
Gross amounts before the provisions	72.597	199.997	259.471
Restructured loans	72.597	199.997	259.471

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL  
STATEMENTS (Continued)**

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

**7.8. Information on Non-performing Loans (Net)(Continued)**

**7.8.2. Information on the Movement of Total Non-performing Loans**

	<b>Group III Loans and receivables with limited collectability</b>	<b>Group IV Loans and receivables with doubtful collectability</b>	<b>Group V Uncollectible loans and receivables</b>
<b>Prior Period Ending Balance</b>	<b>1.807.761</b>	<b>3.172.929</b>	<b>7.709.797</b>
Additions (+)	1.288.718	387.679	613.618
Transfers from Other Categories of Non-Performing Loans(+)	-	2.541.610	3.732.655
Transfers to Other Categories of Non-Performing Loans(-)	2.541.610	3.732.655	-
Collections (-) <sup>(1)</sup>	225.208	794.694	1.133.806
Write-offs (-)	-	-	-
Sold Portfolio	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Current Period End Balance</b>	<b>329.661</b>	<b>1.574.869</b>	<b>10.922.264</b>
Provision (-)	136.633	794.054	8.642.652
<b>Net Balance on Balance Sheet</b>	<b>193.028</b>	<b>780.815</b>	<b>2.279.612</b>

<sup>(1)</sup> Includes transfers to the first and second group loans amounting to TL 517.570.

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

	<b>Group III Loans and other receivables with limited collectability</b>	<b>Group IV Loans and other receivables with doubtful collectability</b>	<b>Group V Uncollectible loans and other receivables</b>
<b>Current Period:</b>			
<b>Period Ending Balance</b>	<b>2.407</b>	<b>2.140</b>	<b>36.140</b>
Provision (-)	724	1.371	34.804
<b>Net Balance on Balance Sheet</b>	<b>1.683</b>	<b>769</b>	<b>1.336</b>
<b>Prior Period:</b>			
<b>Period Ending Balance</b>	<b>655</b>	<b>698</b>	<b>28.293</b>
Provision (-)	187	426	26.653
<b>Net Balance on Balance Sheet</b>	<b>468</b>	<b>272</b>	<b>1.640</b>

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL  
STATEMENTS (Continued)**

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

**7.8. Information on Non-performing Loans (Net)(Continued)**

**7.8.4. Breakdown of Non-performing Loans According to Their Gross and Net Values**

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans and other receivables with limited collectability</b>	<b>Loans and other receivables with doubtful collectability</b>	<b>Uncollectible loans and other receivables</b>
<b>Current Period (Net)</b>	<b>193.028</b>	<b>780.815</b>	<b>2.279.612</b>
Loans to Real Persons and Legal Entities (Gross)	329.661	1.574.869	10.774.160
Provisions (-)	136.633	794.054	8.494.548
Loans to Real Persons and Legal Entities (Net)	193.028	780.815	2.279.612
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	148.104
Provisions (-)	-	-	148.104
Other Loans and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>1.258.833</b>	<b>1.681.266</b>	<b>1.486.344</b>
Loans to Real Persons and Legal Entities (Gross)	1.807.761	3.172.929	7.563.830
Provisions (-)	548.928	1.491.663	6.077.486
Loans to Real Persons and Legal Entities (Net)	1.258.833	1.681.266	1.486.344
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	145.967
Provisions (-)	-	-	145.967
Other Loans and Receivables (Net)	-	-	-

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans and other receivables with limited collectability</b>	<b>Loans and other receivables with doubtful collectability</b>	<b>Uncollectible loans and other receivables</b>
<b>Current Period (Net)</b>	<b>9.795</b>	<b>36.189</b>	<b>151.572</b>
Interest Accruals and Valuation Differences	22.252	90.296	651.967
Provisions (-)	12.457	54.107	500.395
<b>Prior Period (Net)</b>	<b>103.300</b>	<b>139.371</b>	<b>54.580</b>
Interest Accruals and Valuation Differences	150.292	271.159	203.749
Provisions (-)	46.992	131.788	149.169

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. EXPLANATIONS AND NOTES RELATED TO 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	3.386.367	1.950.037	1.989.088	2.104.824
Treasury Bills	-	-	-	-
Other Government Debts	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>3.386.367</b>	<b>1.950.037</b>	<b>1.989.088</b>	<b>2.104.824</b>

*Financial Assets Measured at Amortised Cost given as collateral or blocked*

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	-	-	-	-
Bonds and Similar Investment Securities	8.339.920	14.661.197	2.021.297	10.404.413
Other	-	-	-	-
<b>Total</b>	<b>8.339.920</b>	<b>14.661.197</b>	<b>2.021.297</b>	<b>10.404.413</b>

**8.2. Information on Government Debt Securities at Amortised Cost**

	Current Period	Prior Period
Government Bonds	28.717.705	17.427.402
Treasury Bills	-	-
Other Public Sector Debt Securities	76.084	36.073
<b>Total</b>	<b>28.793.789</b>	<b>17.463.475</b>

**8.3. Information on Financial Assets Measured at Amortised Cost**

	Current Period	Prior Period
Debt securities	28.920.404	17.550.083
Quoted at Stock Exchange	28.793.789	17.463.475
Unquoted at Stock Exchange	126.615	86.608
Impairment (-)	-	-
<b>Total</b>	<b>28.920.404</b>	<b>17.550.083</b>

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**8. Financial Assets Measured at Amortised Cost (Continued)**

**8.4. The Movements of Financial Assets Measured at Amortised Cost**

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>17.550.083</b>	<b>10.254.639</b>
Foreign Currency Differences on Monetary Assets	4.307.272	562.552
Purchases During the Year <sup>(1)</sup>	7.949.886	10.608.138
Disposals through Sales and Redemptions	(886.837)	(3.875.246)
Impairment Provision (-)	-	-
<b>Balance at the End of the Period</b>	<b>28.920.404</b>	<b>17.550.083</b>

<sup>(1)</sup> Accruals are shown in “Purchases During the Year”.

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

**9.1. Information about Investment in Associates**

	Title	Address (City/ Country)	The Bank’s Share Percentage, if Different, Voting Percentage (%)	The Bank’s Risk Group Share Percentage (%)
1	Bankalararası Kart Merkezi A.Ş.	İstanbul / Turkey	8,81	8,81
2	Kredi Kayıt Bürosu A.Ş.	İstanbul / Turkey	10,00	9,09
3	Arap Türk Bankası A.Ş.	İstanbul / Turkey	22,22	15,43
4	Platform Ortak Kartlı Sistemler A.Ş.	İstanbul / Turkey	33,33	20,00
5	Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.	İstanbul / Turkey	33,33	33,34
6	Keskinoğlu Tavukçuluk ve Damızlık İşl. San. Tic. A.Ş.	Manisa/Turkey	32,60	32,60

	Total Assets <sup>(2)</sup>	Shareholders’ Equity <sup>(2)</sup>	Total Non- Current Assets <sup>(2)(3)</sup>	Interest Income <sup>(2)</sup>	Income from Marketable Securities <sup>(2)</sup>	Current Period Profit / Loss <sup>(2)</sup>	Prior Period Profit / Loss <sup>(2)</sup>	Fair Value <sup>(1)</sup>
1	272.800	217.454	85.960	6.665	-	35.413	28.503	-
2	368.400	215.441	197.473	4.781	-	43.190	26.579	-
3	5.979.969	1.121.097	148.569	120.682	56.598	73.109	149.385	-
4	5.250	5.250	-	-	-	-	-	-
5	82.474	49.867	17.248	1.497	-	1.852	12.627	-
6	120.953	(1.427.655)	165.892	705	-	(339.200)	(172.237)	-

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

<sup>(2)</sup> Current period information of associates has been provided from unaudited financial statements as of 30 September 2020. Prior period profit/loss information of associates has been provided from audited financial statements as of 30 September 2019.

<sup>(3)</sup> Total non current assets include tangible and intangible assets.



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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

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

**9.2. Information on Financial Associates**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance at the Beginning of the Period</b>	<b>88.846</b>	<b>88.846</b>
<b>Movement During the Period</b>	-	-
Additions	-	-
Bonus Share Certificates	-	-
Shares of Current Year Profits	-	-
Transfer (-)	-	-
Sales	-	-
Revaluation Increase	-	-
Revaluation/Impairment	-	-
<b>Balance at the End of the Period</b>	<b>88.846</b>	<b>88.846</b>
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

**9.3. Sectoral Information on Financial Associates and the Related Carrying Amounts**

	<b>Current Period</b>	<b>Prior Period</b>
Banks	88.846	88.846
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	-	-

**9.4. Subsidiaries Quoted to the Stock Exchange**

None (31 December 2019: None).

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**10. Information on Subsidiaries (Net)**

**10.1. Information on Subsidiaries**

Financial subsidiaries 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	100,00	99,60
2	Ziraat Portföy Yönetimi A.Ş.	İstanbul / Turkey	100,00	99,80
3	Ziraat Katılım Bankası A.Ş.	İstanbul / Turkey	100,00	100,00
4	Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul / Turkey	100,00	100,00
5	Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.	İstanbul / Turkey	100,00	100,00
6	Ziraat Teknoloji A.Ş.	İstanbul / Turkey	100,00	100,00
7	Onko İlaç Sanayi ve Ticaret A.Ş.	İstanbul / Turkey	66,66	85,00
8	Koçsel İlaç Sanayi ve Ticaret A.Ş.	Kocaeli/Türkiye	85,00	85,00
9	Ziraat Bank International A.G.	Frankfurt / Germany	100,00	100,00
10	Ziraat Bank BH d.d.	Sarajevo / Bosnia Herzegovina	100,00	100,00
11	Ziraat Bank (Moscow) JSC	Moscow / Russia	100,00	99,91
12	Kazakhstan Ziraat Int. Bank	Almaty / Kazakhstan	100,00	99,58
13	Ziraat Bank Azerbaycan ASC	Baku / Azerbaijan	100,00	100,00
14	Ziraat Bank Montenegro AD	Podgorica / Montenegro	100,00	100,00
15	JSC Ziraat Bank Georgia	Tbilisi / Georgia	100,00	100,00
16	Ziraat Bank Uzbekistan JSC	Tashkent / Uzbekistan	100,00	100,00

	Total Assets	Shareholders ' Equity	Total Non- Current Assets	Interest Income	Income from Marketable Securities	Current Period Profit / Loss	Prior Period Profit/Loss	Fair Value	Shareholder's equity amount needed
1	569.981	319.573	4.583	42.604	-	205.549	62.204	-	-
2	131.487	119.833	3.461	7.053	-	48.087	26.771	-	-
3	46.111.646	3.314.462	295.084	1.664.730	280.470	138.382	210.150	3.277.972	-
4	4.848.152	4.080.694	4.093.325	2.303	-	49.979	25.321	4.738.386	-
5	910.651	909.210	1.206	19.919	-	40.386	101.524	912.389	-
6	78.906	15.508	4.199	926	-	(372)	(4.521)	-	-
7	835.296	124.486	353.498	1.553	-	28.341	9.816	-	-
8	48.120	1.765	5.980	-	-	(2.735)	(1.851)	-	-
9	12.286.062	2.289.861	29.885	227.343	984	64.669	87.692	1.689.179	-
10	4.681.328	295.777	62.372	85.006	-	5.865	4.538	276.932	-
11	879.997	331.510	12.781	51.455	411	25.016	19.759	268.876	-
12	2.006.790	603.202	65.382	97.971	-	70.960	26.482	435.713	-
13	1.260.224	321.809	89.975	48.403	2.110	3.746	6.428	228.372	-
14	666.062	152.058	10.535	18.724	1.104	2.540	866	115.791	-
15	303.500	133.963	15.970	8.815	2.852	1.097	6.345	113.798	-
16	735.955	237.931	16.414	38.566	-	26.796	35.564	138.316	-

(1) Cost values reflect their fair values for companies other than those whose fair values are specified. For the subsidiaries having fair value, fair value shows the portion belonging to Ziraat Bank.

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

(3) Information on Ziraat Katılım Bankası A.Ş. has been provided from audited financial statements as of 30 June 2020, the prior period profit/loss balances have been provided from audited financial statements as of 30 June 2019. Information on other subsidiaries shown in the table above has been provided from unaudited financial statements as of 30 September 2020, the prior period profit/loss balances have been provided from audited financial statements as of 30 September 2019.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**10.1. Information on Subsidiaries (Net) (Continued)**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance at the Beginning of the Period</b>	<b>7.335.025</b>	<b>7.394.408</b>
<b>Movements During the Period</b>	<b>4.966.830</b>	<b>(59.383)</b>
Additions to Scope of Consolidation	-	-
Purchases <sup>(1)</sup>	2.499.959	106.806
Bonus Shares Obtained	-	2.065
Dividends from current year income	-	-
Sales	-	-
Revaluation Increase <sup>(2)</sup>	3.138.300	325.990
Impairment Provision (-)	671.429	364.273
Transfer (-)	-	129.971
<b>Balance at the End of the Period</b>	<b>12.301.855</b>	<b>7.335.025</b>
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

<sup>(1)</sup> Paid Capital Increases are classified under “Purchases” account.

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

<sup>(3)</sup> Non-financial subsidiaries are not included.

**10.2. Sectoral Information on Financial Subsidiaries and the Related Carrying Amounts**

	<b>Current Period</b>	<b>Prior Period</b>
Banks	6.544.950	5.178.895
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	5.756.905	2.156.130

**10.3. Subsidiaries Quoted to the Stock Exchange**

None (31 December 2019: 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.

<b>Entities under Common Control (Joint Ventures) <sup>(1)</sup></b>	<b>Parent Bank's Share (%)</b>	<b>Group's Share (%)</b>	<b>Current Assets</b>	<b>Non- Current Assets</b>	<b>Long Term Liabilities</b>	<b>Income</b>	<b>Expense</b>
Turkmen Turkish Joint Stock Commercial Bank	50,00	50,00	6.614.791	18.001	9.541	125.559	55.112

<sup>(1)</sup> Information on entity under joint control is provided from the unaudited financial statements as of 30 September 2020.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL  
STATEMENTS (Continued)**

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

**12. Information on Lease Receivables**

The Bank has no financial lease receivables.

**13. Information on the Hedging Derivative Financial Assets**

The Bank has no hedging derivative financial assets.

**14. Information on the Investment Property**

None.

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

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

The Bank's immovables acquired amount to TL 5.223.834 (31 December 2019: TL 4.649.359) consisting of TL 10.183 (31 December 2019: TL 18.767) due to consumer loans, TL 5.096.269 (31 December 2019: TL 4.479.822) on its commercial loans and TL 117.382 (31 December 2019: TL 150.770) on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL 864 (31 December 2019: TL 2.390)

For the purpose of transfer of shares belonging to the Bank representing 99,97% of the capital of Ziraat Sigorta A.Ş. and shares representing 99,97% of the capital of Ziraat Hayat ve Emeklilik A.Ş., TVF Financial Investments A.Ş. and seller As of April 22, 2020, a share transfer agreement was signed between the Bank, Ziraat Katılım Bank A.Ş., Ziraat Teknoloji A.Ş. and Ziraat Yatırım Menkul Değerler A.Ş. and the share transfers were completed as of the same date.

Accordingly, the amount to be paid to the Bank for Ziraat Sigorta A.Ş. shares is determined as TL 18.63 (full TL) per share, and the total sales price is TL 931.220.550,00 (full TL). The sale price was paid in full by a special government domestic debt bill. The amount to be paid to the Bank for Ziraat Hayat ve Emeklilik A.Ş. for its shares is determined as 23.00 TL (full TL) per share and the total sales price is 1.839.448.000,00 TL (full TL). The sale price was paid in full by a special government domestic debt bill. As a result of the aforementioned transaction, TL 2.495.459 was accounted in retained earning. There is also a dividend income amounting to TL 1.039.688 obtained from the mentioned companies in the current period.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL  
STATEMENTS (Continued)**

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

**16. Informations on Tangible Assets**

	Immovables	Immovables with Right of Use	Movables	Movables with Right of Use	Operational Leasing Development Costs	Other Tangibles	Total
<b>Prior Period End</b>							
Cost	5.391.246	685.790	1.259.272	139.260	257.561	-	7.733.129
Accumulated Depreciation (-)	993.926	96.236	877.862	45.632	237.397	-	2.251.053
Impairment (-)	3.429	-	-	-	-	-	3.429
<b>Net Book Value</b>	<b>4.393.891</b>	<b>589.554</b>	<b>381.410</b>	<b>93.628</b>	<b>20.164</b>	-	<b>5.478.647</b>
<b>Current Period End</b>							
Net Book Value at the Beginning of the Period	4.393.891	589.554	381.410	93.628	20.164	-	5.478.647
Change During the Period (Net)	(884.321)	122.984	(28.416)	37.415	(7.541)	-	(759.879)
- Cost	(979.284)	156.856	73.005	68.379	3.599	-	(677.445)
- Depreciation – net (-)	(96.914)	33.872	101.421	30.964	11.140	-	80.483
- Impairment (-)	1.951	-	-	-	-	-	1.951
Net Currency Translation from Foreign Subsidiaries							
Cost at Period End	4.411.962	842.646	1.332.276	207.639	261.161	-	7.055.684
Accumulated Depreciation at Period End (-)	897.012	130.108	979.283	76.596	248.537	-	2.331.536
Impairment (-)	5.380	-	-	-	-	-	5.380
<b>Closing Net Book Value</b>	<b>3.509.570</b>	<b>712.538</b>	<b>352.993</b>	<b>131.043</b>	<b>12.624</b>	-	<b>4.718.768</b>

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

None.

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

None.

**19. Information on Expected Credit Loss for Financial Assets**

	Current Period	Prior Period
Cash and Balances at Central Bank	749	512
Banks and Money Markets Receivables	560	322
Financial Assets Measured at Amortized Cost	3.904	2.369
Other	70.986	25.755
<b>Total</b>	<b>76.199</b>	<b>28.958</b>

**20. Information on Other Assets**

As of 30 September 2020, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES**

**1. Information on Deposits /Funds Collected**

**1.1. Information on Maturity Structure of the 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	55.789.104	-	6.667.573	81.520.985	22.555.822	2.018.636	6.088.118	216.236	174.856.474
Foreign Currency Deposits	79.860.385	-	18.502.157	95.593.080	15.336.897	10.286.658	34.200.621	8.716	253.788.514
Residents in Turkey	66.169.461	-	17.471.760	80.945.870	9.599.570	4.395.980	11.243.783	6.850	189.833.274
Residents on Abroad	13.690.924	-	1.030.397	14.647.210	5.737.327	5.890.678	22.956.838	1.866	63.955.240
Public Sector Deposits	13.603.320	-	33.649.945	9.189.203	674.173	141.523	3.458	-	57.261.622
Commercial Inst. Deposits	16.845.864	-	20.901.576	25.228.053	428.447	2.374.955	431.229	-	66.210.124
Other Inst. Deposits	2.463.755	-	2.903.310	14.209.791	1.140.003	399.895	287.283	-	21.404.037
Precious Metals Deposit	31.851.360	-	610.170	4.857.167	477.159	348.397	260.455	-	38.404.708
Interbank Deposits	2.289.873	-	18.710.135	4.456.693	1.457.366	5.756.694	70.947	-	32.741.708
The CBRT	1.986	-	-	-	-	-	-	-	1.986
Domestic Banks	238.909	-	18.650.328	187.070	-	-	-	-	19.076.307
Foreign Banks	1.498.894	-	59.807	4.269.623	1.457.366	5.756.694	70.947	-	13.113.331
Participation Banks	550.084	-	-	-	-	-	-	-	550.084
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>202.703.661</b>	<b>-</b>	<b>101.944.866</b>	<b>235.054.972</b>	<b>42.069.867</b>	<b>21.326.758</b>	<b>41.342.111</b>	<b>224.952</b>	<b>644.667.187</b>

Prior Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	35.581.357	-	4.237.081	67.768.913	24.683.146	2.501.760	8.212.210	209.613	143.194.080
Foreign Currency Deposits	48.613.677	-	17.732.279	61.492.670	11.496.435	8.125.155	26.667.206	6.056	174.133.478
Residents in Turkey	39.834.641	-	16.446.344	50.992.758	7.259.895	3.793.055	8.458.349	4.746	126.789.788
Residents on Abroad	8.779.036	-	1.285.935	10.499.912	4.236.540	4.332.100	18.208.857	1.310	47.343.690
Public Sector Deposits	10.390.666	-	5.285.909	5.948.535	676.310	1.721.733	5.126	-	24.028.279
Commercial Inst. Deposits	10.681.697	-	15.446.366	14.937.802	583.115	2.627.321	501.315	-	44.777.616
Other Inst. Deposits	2.103.727	-	2.174.807	5.835.250	3.120.939	433.837	348.999	-	14.017.559
Precious Metals Deposit	13.116.231	-	150.419	1.867.099	212.200	143.416	130.731	-	15.620.096
Interbank Deposits	3.528.208	-	17.879.257	5.028.707	3.841.992	675.331	526.370	-	31.479.865
The CBRT	1.412	-	-	-	-	-	-	-	1.412
Domestic Banks	243.636	-	17.537.397	250.727	120.458	2.130	-	-	18.154.348
Foreign Banks	2.311.746	-	341.860	4.132.691	3.449.833	673.201	526.370	-	11.435.701
Participation Banks	971.414	-	-	645.289	271.701	-	-	-	1.888.404
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>124.015.563</b>	<b>-</b>	<b>62.906.118</b>	<b>162.878.976</b>	<b>44.614.137</b>	<b>16.228.553</b>	<b>36.391.957</b>	<b>215.669</b>	<b>447.250.973</b>

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

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

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

	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits <sup>(1)</sup>	117.782.903	97.647.381	57.008.696	45.079.450
Foreign Currency Saving Deposits <sup>(1)</sup>	84.800.960	60.512.530	128.550.659	75.967.350
Other Deposits in the form of Saving Deposits	-	-	-	-
Foreign Branches and under the Guarantees of Foreign Authority Insurance <sup>(2)</sup>	1.921.387	1.381.203	592.891	263.633
Off-Shore Banking Regions’ and under Foreign Authorities’ Insurance	-	-	-	-

<sup>(1)</sup> Related deposit balances do not include foreign branches.

<sup>(2)</sup> 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 566.807 and TL 29.696 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2019: TL 227.092 and TL 16.176).

Based on the Council of Minister’s decree dated 29 December 2003 and numbered 2003/6668, TL 518 (31 December 2019: TL 536) of demand deposits is not included in the above calculation, since the Bank paid the saving deposits amount attributable to T. İmar Bank T.A.Ş.

Savings Deposit Insurance Fund premiums are calculated based on deposit amount attributable to real persons in domestic branches of the banks. As total of capital amount and interest expense accruals of saving deposits up to TL 150 attributable to a real person is covered by the insurance, TL 1.327.557 (31 December 2019: TL 1.553.917) of interest expense accrual is included in the above-mentioned figures in accordance with the Communiqué on Insurance Deposits and Participation Funds and Premiums Collected by the Savings Deposit Insurance Fund published in the Official Gazette dated 15 February 2013 and numbered 28560.

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

The Bank’s head office is located in Turkey.

**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	49.404	39.051
Deposits of Ultimate Shareholders and Their Close Family Members	-	-
Deposits of Chairman and Members of the Board of Directors, CEO, Executive Vice Presidents and Their Close Family Members	37.073	20.948
Deposits Obtained through Illegal Acts Defined in the 282 <sup>nd</sup> 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	-	-

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**2. Negative Differences Statement Regarding Trading Derivative Financial Assets**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	268.931	10.394	128.419	20.630
Swap Transactions	371.667	2.506.596	408.117	1.101.684
Futures Transactions	8.253	-	-	-
Options	-	-	-	8
Other	-	-	-	-
<b>Total</b>	<b>648.851</b>	<b>2.516.990</b>	<b>536.536</b>	<b>1.122.322</b>

**3. Information on Banks and Other Financial Institutions**

**3.1. General Information on Banks and Other Financial Institutions**

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	431.907	4.718.104	4.088.885	3.576.251
From Foreign Banks, Institutions and Funds	235.623	32.302.731	373.530	26.489.824
<b>Total</b>	<b>667.530</b>	<b>37.020.835</b>	<b>4.462.415</b>	<b>30.066.075</b>

**3.2. Information on Maturity Structure of Borrowings**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	431.126	2.538.325	4.088.115	1.682.486
Medium and Long-Term	236.404	34.482.510	374.300	28.383.589
<b>Total</b>	<b>667.530</b>	<b>37.020.835</b>	<b>4.462.415</b>	<b>30.066.075</b>

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

69,79% of the Bank’s total liabilities consist of deposits. Deposits have a diversified base and have steady structures. The Bank’s liabilities are not subject to a significant concentration risk.

**4. Information on Money Market Borrowings**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>From Domestic Transactions</b>	<b>68.281.437</b>	<b>-</b>	<b>28.801.883</b>	<b>-</b>
Financial Institutions and Organizations	67.939.348	-	28.179.581	-
Other Institutions and Organizations	332.250	-	615.654	-
Real Person	9.839	-	6.648	-
<b>From Overseas Operations</b>	<b>-</b>	<b>24.561.949</b>	<b>-</b>	<b>20.473.527</b>
Financial Institutions and Organizations	-	24.561.949	-	20.473.527
Other Institutions and Organizations	-	-	-	-
Real Person	-	-	-	-
<b>Total</b>	<b>68.281.437</b>	<b>24.561.949</b>	<b>28.801.883</b>	<b>20.473.527</b>



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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**5. Information on Securities Issued**

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bills	731.575	-	2.268.570	279.678
Asset-Backed Securities	-	-	-	-
Treasury Bonds	1.010.690	13.911.089	1.010.690	9.547.088
<b>Total</b>	<b>1.742.265</b>	<b>13.911.089</b>	<b>3.279.260</b>	<b>9.826.766</b>

**6. If Other Foreign Liabilities exceed %10 of The Total Balance Sheet, Names and Amounts of Sub Accounts That Make Up At Least 20% of These**

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

**7. Information on Financial Lease Liabilities (Net)**

Information on financial lease liabilities represented in the table below:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	26.750	13.641	23.822	12.856
Between 1-4 Years	615.729	338.737	521.476	270.506
More than 4 Year	769.778	477.913	646.786	338.398
<b>Total</b>	<b>1.412.257</b>	<b>830.291</b>	<b>1.192.084</b>	<b>621.760</b>

**8. Information on the Hedging Derivative Financial Liabilities**

There are no hedging derivative financial liabilities.

**9. Information on Provisions**

**9.1 Provisions Related with Principal Foreign Currency Decrease of Foreign Indexed Loans and Finance Leasing Receivables**

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

**9.2 Liabilities on Employee Benefits Provision**

**9.2.1 Termination benefit and Unused Vacation Rights**

The Bank accounts for its vacation and retirement pay obligations in accordance with the TAS 19 “Employee Benefits”. The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 30 September 2020, unpaid vacation liability amounted to TL 270.770 and employment termination amounted to TL 1.066.536 are presented under the “Employee Benefits Provision” in the financial statements (31 December 2019: unpaid vacation liability amounted to TL 265.511, and employment termination amounted to TL 1.038.524 are presented under the “Employee Benefits Provision” in the financial statements).

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL  
STATEMENTS (Continued)**

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

**9. Information on Provisions(Continued)**

**9.3. Information on Other Provisions**

T These financial statements include a free provision amounting to TL 2.840.000 which consist of TL 830.000 provided in prior periods and TL 2.010.000 recognized in the current period by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation. Moreover, the provision of TL 37.000 for cash transfers made by Bank officials and other provision of TL 157 exist. The Bank has provided provision amounting to TL 1.376.182 for possible losses arising from the off-balance sheet items. (31 December 2019: These financial statements include a free provision amounting to TL 830.000 which consist of TL 952.000 provided in prior periods and TL 122.000 reversed in the current period by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation. Moreover, the provision of TL 37.000 for cash transfers made by Bank officials and other provision of TL 217 exist. The Bank has provided provision amounting to TL 1.086.387 for possible losses arising from the off-balance sheet items in the current period).

Regarding the Bank's lawsuit files, a total amount of TL 120.895 has been provided in the financial statements for lawsuits filed against the Bank for a total amount of TL 50.500 but not yet finalized (31 December 2019: For the lawsuits filed against the Bank amounting to TL 110.166, a provision of TL 42.600 has been provided in these financial statements for cases that are likely to result against the Bank but are not yet finalized).

**10. Explanations on Tax Liability**

**10.1. Explanations on Current Tax Liability**

**10.1.1. Information on Taxes Payable**

As of 30 September 2020, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 11.283 (As of 31 December 2019, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 939.810).

**10.1.2. Information on Current Taxes Payable**

	<b>Current Period</b>	<b>Prior Period</b>
Corporate Tax Payable	11.283	939.810
Taxation on Income From Securities	355.721	340.458
Property Tax	1.355	3.059
Banking Insurance Transactions Tax (BITT)	186.632	250.846
Foreign Exchange Transactions Tax	73.654	7.251
Value Added Tax Payable	10.500	11.164
Other	72.680	127.132
<b>Total</b>	<b>711.825</b>	<b>1.679.720</b>

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**10. Explanations on Tax Liability (Continued)**

**10.1.3. Information on Premium Payables**

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums Employee	52	48
Social Security Premiums - Employer	69	65
Bank Social Aid Pension Fund Premium - Employee	45	15.201
Bank Social Aid Pension Fund Premium - Employer	75	22.271
Pension Fund Membership Fees and Provisions - Employee	1	1
Pension Fund Membership Fees and Provisions - Employer	2	1
Unemployment Insurance - Employee	1.257	1.093
Unemployment Insurance - Employer	2.514	2.187
Other	-	-
<b>Total</b>	<b>4.015</b>	<b>40.867</b>

**10.2. Information on Deferred Tax Liability**

The Bank does not have any deferred tax liability.

**11. Information on liabilities related to non-current assets “held for sale” and “held from discontinued operations”**

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

**12. Information on Subordinated Loans**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Debt instruments to be included in additional capital calculation	-	12.803.726	-	9.565.957
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	12.803.726	-	9.565.957
Debt instruments to be included in contribution capital calculation	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
<b>Total</b>	<b>-</b>	<b>12.803.726</b>	<b>-</b>	<b>9.565.957</b>

(\*) 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**

	<b>Current Period</b>	<b>Prior Period</b>
Common stock	13.100.000	6.100.000
Preferred stock	-	-

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

The Bank does not have a registered capital system.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL  
STATEMENTS (Continued)**

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

**13. Information on Shareholders’ Equity (Continued)**

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

The decision to increase the capital to TL 13,100,000 was approved at the Bank's Extraordinary General Assembly Meeting held on May 15, 2020, and the capital increase and the amendment made in the related article of the Articles of Association were registered on 21 May 2020. It was announced in the Trade Registry Gazette No. 10084 dated 27 May 2020. Accounting for the said capital increase was made on 21 May 2020 based on the permission from the BRSA.

<b>Increase Date</b>	<b>Increase Amount</b>	<b>Cash</b>	<b>Profit Reserves Subject to Increase</b>	<b>Capital Reserves Subject to Increase</b>
21.05.2020	7.000.000	7.000.000	-	-

**13.4. Other Information on Capital Increases and Increased Share Capital with Reserves within 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 Bank has no capital commitments.

**13.6. The effects of anticipations based on the financial figures for prior periods regarding the Bank’s income, profitability and liquidity, and possible effects of these future assumptions on the Bank’s equity due to uncertainties at these indicators;**

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

**13.7. Summary Information on Privileges Given to Shares Representing the Capital**

The Bank has no preferred shares.

**13.8. Information on Marketable Securities Value Increase Fund**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
From Subsidiaries, Associates and Entities under Common Control (Joint Ventures)	2.061.782	(939.445)	34.241	(172.810)
Valuation Difference	1.786.288	(4.883.870)	807.677	(1.165.565)
Foreign Exchange Difference	2.262.057	-	2.008.638	-
<b>Total</b>	<b>6.110.127</b>	<b>(5.823.315)</b>	<b>2.850.556</b>	<b>(1.338.375)</b>

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS**

**1. Explanations on Off-Balance Sheet Commitments**

**1.1. Nature and Amount Of Irrevocable Loan Commitments**

	<b>Current Period</b>	<b>Prior Period</b>
Asset Purchase Commitments	7.032.153	13.596.736
Subsidiaries and Associates Capital Contribution Commitments	3.150	7.500
Loan Granting Commitments	14.865.989	11.845.018
Commitments for Cheque Payments	4.556.581	3.695.596
Commitments for Credit Card Expenditure Limits	22.523.391	24.220.013
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	72.272	36.161
Other Irrevocable Commitments	17.837.753	13.794.074
<b>Total</b>	<b>66.891.289</b>	<b>67.195.098</b>

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

The Bank has provided provision amounting to TL 1.376.182 for possible losses arising from the off-balance sheet items in the current period. (31 December 2019: TL 1.086.387).

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

	<b>Current Period</b>	<b>Prior Period</b>
Letters of Guarantee	110.907.731	91.260.564
Letters of Credit	20.402.604	19.392.291
Bank Acceptances	8.825.190	8.202.251
Endorsements	1.465.119	969.507
<b>Total</b>	<b>141.600.644</b>	<b>119.824.613</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Letters of Certain Guarantees	66.773.597	67.879.220
Letters of Advance Guarantees	19.743.313	15.303.379
Letters of Temporary Guarantees	3.171.459	2.456.525
Letters of Guarantees Given to Customs Offices	1.580.178	1.552.648
Other Letters of Guarantees	19.639.184	4.068.792
<b>Total</b>	<b>110.907.731</b>	<b>91.260.564</b>

**1.3. Explanations on Non-Cash Loans**

**1.3.1. Total Non-Cash Loans**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Non-Cash Loans for Providing Cash Loans</b>	<b>16.733.525</b>	<b>441.107</b>
With Original Maturity of One Year or Less	10.216.111	-
With Original Maturity of More than One Year	6.517.414	441.107
<b>Other Non-Cash Loans</b>	<b>124.867.119</b>	<b>119.383.506</b>
<b>Total</b>	<b>141.600.644</b>	<b>119.824.613</b>

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**IV. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF PROFIT OR LOSS**

**1. Information on Interest Income**

**1.1. Information on Interest Income From Loans**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Interest on Loans <sup>(1)</sup></b>	<b>32.605.811</b>	<b>5.876.850</b>	<b>33.194.671</b>	<b>6.208.967</b>
Short Term Loans	6.454.838	409.344	10.638.163	593.680
Medium and Long Term Loans	25.531.199	5.467.498	21.882.812	5.615.250
Interest on Loans Under Follow-up	619.774	8	673.696	37
Premiums Received from the Resource Utilization Support Fund	-	-	-	-

<sup>(1)</sup> Includes fees and commissions income on cash loans.

**1.2. Information on Interest Income on Banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
From Central Bank of the Republic of Turkey	-	-	91.929	-
From Domestic Banks	7.274	261	124.088	257
From Foreign Banks	19.484	15.367	27.165	26.010
From Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>26.758</b>	<b>15.628</b>	<b>243.182</b>	<b>26.267</b>

**1.3. Information on Interest Income on Marketable Securities**

	Current Period		Prior Period	
	TL	FC	TL	FC
From Fair Value Through Profit or Loss	133.872	1.141	2.645	1.899
Fair Value Through Other Comprehensive Income	7.276.924	2.205.470	6.640.260	1.229.540
Financial Assets Measured at Amortized Cost	713.312	656.844	627.728	383.121
<b>Total</b>	<b>8.124.108</b>	<b>2.863.455</b>	<b>7.270.633</b>	<b>1.614.560</b>

**1.4. Information on Interest Income Received from Associates and Subsidiaries**

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	157.972	161.968

**2. Information on Interest Expense**

**2.1. Information of Interest Expense on Borrowings**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks <sup>(1)</sup></b>	<b>201.319</b>	<b>740.096</b>	<b>328.478</b>	<b>933.333</b>
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	158.306	130.336	263.655	152.194
Foreign Banks	43.013	609.760	64.823	781.139
From Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>201.319</b>	<b>740.096</b>	<b>328.478</b>	<b>933.333</b>

<sup>(1)</sup> Includes fees and commissions expenses on cash loans.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**2. Information on Interest Expense (Continued)**

**2.2 Information on Interest Expense Given to Associates and Subsidiaries**

	<b>Current Period</b>	<b>Prior Period</b>
Interest Expenses Given to Subsidiaries and Associates	123.596	342.371

**2.3 Information on Interest Expense Given on Securities Issued**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Interest Expenses on Securities Issued	293.684	903.838	351.673	634.460

**2.4 Maturity Structure of the Interest Expense on Deposits**

<b>Current Period</b>	<b>Demand Deposit</b>	<b>Time Deposit</b>					<b>Cumulative Deposit</b>	<b>Total</b>
		<b>Up to 1 Month</b>	<b>Up to 3 Months</b>	<b>Up to 6 Months</b>	<b>Up to 1 Year</b>	<b>More Than 1 year</b>		
TL								
Bank Deposit	-	1.069.956	1.389	-	213	-	-	1.071.558
Saving Deposit	-	357.096	4.840.815	2.115.574	186.187	761.875	15.259	8.276.806
Public Sector Deposit	314	730.301	322.003	41.708	98.613	235	-	1.193.174
Commercial Deposit	71	1.128.550	1.155.334	34.051	346.107	51.914	-	2.716.027
Other Deposit	-	164.049	464.201	116.690	74.386	18.780	-	838.106
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
<b>Total</b>	<b>385</b>	<b>3.449.952</b>	<b>6.783.742</b>	<b>2.308.023</b>	<b>705.506</b>	<b>832.804</b>	<b>15.259</b>	<b>14.095.671</b>
FC								
Foreign Currency Deposit	1.093	88.934	515.575	51.611	63.173	201.732	5	922.123
Bank Deposit	11	7.002	13.802	5.028	7.936	772	-	34.551
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	1.304	11.279	1.248	1.394	1.145	-	16.370
<b>Total</b>	<b>1.104</b>	<b>97.240</b>	<b>540.656</b>	<b>57.887</b>	<b>72.503</b>	<b>203.649</b>	<b>5</b>	<b>973.044</b>
<b>Grand Total</b>	<b>1.489</b>	<b>3.547.192</b>	<b>7.324.398</b>	<b>2.365.910</b>	<b>778.009</b>	<b>1.036.453</b>	<b>15.264</b>	<b>15.068.715</b>

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL  
STATEMENTS (Continued)**

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

**2. Information on Interest Expense (Continued)**

**2.4 Maturity Structure of the Interest Expense on Deposits (Continued)**

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	-	2.128.616	8.640	4.043	376	404	-	2.142.079
Saving Deposit	-	318.201	9.123.010	2.000.488	399.774	752.300	6.652	12.600.425
Public Sector Deposit	369	475.735	544.276	105.473	256.324	417	-	1.382.594
Commercial Deposit	127	955.322	1.488.808	105.826	527.595	38.936	-	3.116.614
Other Deposit	7	144.199	457.693	378.600	141.109	70.333	-	1.191.941
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
<b>Total</b>	<b>503</b>	<b>4.022.073</b>	<b>11.622.427</b>	<b>2.594.430</b>	<b>1.325.178</b>	<b>862.390</b>	<b>6.652</b>	<b>20.433.653</b>
FC								
Foreign Currency Deposit	740	243.384	923.954	108.473	92.842	309.485	1	1.678.879
Bank Deposit	13	114.554	8.815	13.155	4.127	6.100	-	146.764
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	283	6.669	751	349	477	-	8.529
<b>Total</b>	<b>753</b>	<b>358.221</b>	<b>939.438</b>	<b>122.379</b>	<b>97.318</b>	<b>316.062</b>	<b>1</b>	<b>1.834.172</b>
<b>Grand Total</b>	<b>1.256</b>	<b>4.380.294</b>	<b>12.561.865</b>	<b>2.716.809</b>	<b>1.422.496</b>	<b>1.178.452</b>	<b>6.653</b>	<b>22.267.825</b>

**3. Information on Trading Profit/Loss (Net)**

	Current Period	Prior Period
<b>Profit</b>	<b>120.201.398</b>	<b>72.332.764</b>
Trading Gains on Securities	4.827.140	68.094
Gains on Derivative Financial Transactions	5.131.222	2.788.267
Foreign Exchange Profits	110.243.036	69.476.403
<b>Loss (-)</b>	<b>127.242.445</b>	<b>78.614.242</b>
Trading Losses on Securities	10.907	5.659
Losses on Derivative Financial Instruments	8.900.262	9.511.736
Foreign Exchange Loss	118.331.276	69.096.847

**4. Information on Other Operating Income**

Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 1.594.082 and income from sales of assets amounting to TL 158.132 (30 September 2019: Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 665.423 and income from sales of assets amounting to TL 83.485).



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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL  
STATEMENTS (Continued)**

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

**5. Expected Credit Loss and Other Provision Expense**

	<b>Current Period</b>	<b>Prior Period</b>
Expected Credit Loss Provisions	7.148.723	3.271.586
12 month expected credit loss (stage 1)	748.763	226.263
Significant increase in credit risk (stage 2)	3.611.787	597.841
Non-Performing loans (stage 3)	2.788.173	2.447.482
Marketable Securities Impairment Expense	20.670	1.064
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	20.670	1.064
Subsidiaries, Associates and Entities Under Common Control Impairment Provision	-	-
Associates	-	-
Subsidiaries	-	-
Entities Under Common Control	-	-
Other (*)	2.019.100	3.300
<b>Total</b>	<b>9.188.493</b>	<b>3.275.950</b>

(\*) Includes free provision expense amounting to TL 2.010.000 in the current period.(30 September 2019:None).(Note II.9.3 of Section Five)

**6. Information Related to Other Operating Expenses**

	<b>Current Period</b>	<b>Prior Period</b>
Reserve for Employee Termination Benefits	221.439	128.310
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	295.263	295.339
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	73.266	61.896
Impairment Expense of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Sale	-	-
Depreciation Expenses of Assets Held for Sale	-	-
Impairment Expenses for Non-Current Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	2.844.617	1.991.677
Leasing Expenses Related to TFRS 16 Exceptions	55.808	90.827
Maintenance Expenses	90.636	71.566
Advertisement Expenses	159.379	151.127
Other Expenses	2.538.794	1.678.157
Loss on Sales of Assets	2.038	14.631
Other (1)	2.594.416	2.009.868
<b>Total</b>	<b>6.031.039</b>	<b>4.501.721</b>

(1) TL 1.008.117 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 736.553 consists of taxes, duties and charges expense (30 September 2019: TL 721.894 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 625.263 consists of taxes, duties and charges expense).

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Net Interest Income	28.412.689	16.685.432
Net Fees and Commissions Income	2.168.011	2.475.786
Other Operating Income	2.221.369	1.134.098
Dividend Income	1.113.605	1.059.898
Trading Profit/Loss (Net)	(7.041.047)	(6.281.478)
Personnel Expenses (-)	3.436.198	2.575.877
Expected Credit Loss (-)	7.148.723	3.271.586
Other Provision Expenses (-)	2.039.770	4.364
Other Operating Expenses (-)	6.031.039	4.501.721
<b>Profit / (Loss) From Continuing Operations</b>	<b>8.218.897</b>	<b>4.720.188</b>

**8. Information on Tax Provision for Continued and Discontinued Operations**

As of 30 September 2020, TL 1.345.576 of the Bank’s total tax provision expense amounting to TL 2.129.711 consists of current tax expense while remaining balances amounting to TL 784.135 consists of deferred tax expense. (As of 30 September 2019, TL 876.014 of the Bank’s total tax provision expense amounting to TL 1.830.518 consists of current tax expense while remaining balances amounting to TL 954.504 consists of deferred tax income).

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

The Bank’s net operating income after tax amounts to TL 6.089.186 (30 September 2019: TL 3.844.174).

**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 Bank in The Current Period**

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

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

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

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

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

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

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Beginning Balance	2.288.776	3.494.736	-	-	-	-
Ending Balance	1.812.118	5.488.203	-	-	-	-
Interest and Commissions Income	157.972	763	-	-	-	-

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Beginning Balance	2.535.527	5.669.093	-	-	-	-
Ending Balance	2.288.776	3.494.736	-	-	-	-
Interest and Commissions Income <sup>(1)</sup>	161.968	1.187	-	-	-	-

<sup>(1)</sup> Prior year balance of Interest and Commission Income shows the amount as of 30 September 2019.

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

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Beginning Balance	3.721.383	2.711.172	-	-	-	-
Ending Balance	1.184.181	3.721.383	-	-	-	-
Interest Expense on Deposits <sup>(1)</sup>	123.596	342.371	-	-	-	-

<sup>(1)</sup> Prior year balance of Interest and Commission Income shows the amount as of 30 September 2019.

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

	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at fair value through Profit or Loss						
Beginning Balance	1.161.358	1.209.831	-	-	-	-
Ending Balance	791.280	1.161.358	-	-	-	-
Total Profit/Loss	80.951	(78.248)	-	-	-	-
Risk Protection Oriented Processes						
Beginning Balance	-	-	-	-	-	-
Ending Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

---

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL  
STATEMENTS (Continued)**

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

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

Fees paid to the Bank’s key management amount to TL 11.121 (30 September 2019: TL 9.531).

**VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS**

The loan amounting to USD 1.155 million, which was granted in 2014 and classified at stage 2 of the balance sheet as of 30 September 2020, was closed on 22 October 2020 with the bonds transferred and assigned in favor of the Bank (Loan Note).

It has been decided to start negotiations regarding the sale of Ziraat Portföy Yönetimi A.Ş., which is among the partnerships of the Bank.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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**SECTION SIX  
EXPLANATIONS ON AUDITOR’S REVIEW REPORT**

**I. EXPLANATIONS ON INDEPENDENT AUDITOR’S REPORT**

As of 30 September 2020, unconsolidated financial statements and explanatory notes of the Bank disclosed herein were audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and Auditors’ Report dated 04 November 2020 is presented preceding the financial statements.

**II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITORS**

None.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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**SECTION SEVEN**

**EXPLANATION ON INTERIM ACTIVITY REPORT**

**I. Assessment of Chairman**

In the third quarter, when expansive monetary and fiscal policies applied to limit the negative effects of the Covid-19 epidemic, which we experienced intensively in the second quarter of 2020, it was seen that the recovery became evident with the reopening of the economies. However, it is also seen that uncertainties continue due to the possibility of a second wave in the epidemic. Due to the continuing high uncertainty, expectations for additional fiscal incentives maintain their vitality, especially in large economies.

Although vaccination studies have gained momentum, the continued increase in the number of coronavirus cases in the absence of a safe and effective vaccine, Brexit process, US elections and geopolitical developments cause us to be in a more sensitive period than the Global Financial Crisis in 2008. In this environment of uncertainty, while central banks begin to reshape their monetary policies, additional financial incentives remain on the agenda. The Federal Reserve (Fed) strengthened its message that interest rates will remain at low levels for a long time by easing their sensitivity to inflation with the new policy framework. The European Central Bank has also begun to signal that it might follow a Fed-style inflation strategy.

With coordinated steps, the fight against the negativities caused by the epidemic in the country continued both in the field of health and economically. Thanks to the low public debt stock compared to its peers, the area in the budget was used effectively in combating the epidemic, while the support for the employment market continued. While supporting applications were carried out for the sectors adversely affected by the epidemic, significant financing was provided in the areas needed with appropriate maturities and interest rates through public banks.

In this context, Turkey's economy in Q3 normalization process and supply with supportive financial conditions and the demand for V-type showed a strong recovery. It is seen that exports have returned to pre-epidemic levels, the record for the last year in electricity consumption has been broken, a rapid improvement has been realized in industrial production, domestic demand has recovered and expenditures have exceeded the pre-epidemic level. Thanks to these developments, it is predicted that we will be able to end the year 2020, when very negative developments were experienced, with a growth close to the horizontal.

Public banks continued their increased support in the second quarter, when the most adverse effects of the epidemic were seen, in the third quarter. Ziraat Bank, with its selective credit policy, continued to contribute to our economy with financing support packages designed under favorable conditions in areas that will provide the highest added value to the national economy such as domestic production, current account balance, employment and agriculture. Thus, a more effective loan policy was pursued by increasing the added value of the loans, which were significantly increased in total amount.

Ziraat Bank continues its activities with the principle of contributing more to our economy, anytime, anywhere, with an efficiency-oriented approach.

**Dr. Ahmet GENÇ**  
**Chairman of the Board**

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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**EXPLANATION ON INTERIM ACTIVITY REPORT (Continued)**

**II. Assessment of General Manager**

After the second quarter, which was quite negative due to the epidemic, the third quarter of 2020 was a period when the negative effects of the epidemic began to decrease relatively and steps were taken to return to the pre-epidemic periods in global economies. It is predicted that we will be one of the rare economies that will achieve economic growth in the world in 2020 with the measures taken against the adversities of the epidemic and the monetary and fiscal policies implemented.

In the 9 months of 2020, our total cash loans increased by 35% and reached 604 billion TL, and our total assets increased by 42% to 924 billion TL.

Ziraat Bank continues to contribute more to our economy in a sustainable way. As a bank with 65% of its balance sheet consisting of cash loans, we continue to be the leading bank in the sector in loans. In this context, we realized the increase we achieved in loans in the 9 months of 2020, mainly in TL. With a selective credit policy, we focused more on sectors that will contribute more to employment and current balance. We have provided financial support under favorable conditions for SMEs that need finance the most and have an important share in production and employment. We designed and presented financing solutions to our customers in order to support domestic production and employment. While we supported all sectors negatively affected by the epidemic, we also provided support for tourism, which is one of the negatively affected sectors. We aimed to use our loans broadly and reach the highest number of businesses. Thus, in the 9-month period, we achieved a growth equivalent to the balance sheet size of a medium-sized bank in TL loans, while ensuring that this increase created the highest added value increase to the economy.

While supporting every sector, we also continued our selective credit policy in the financing of agriculture, which has always been a priority sector for our Bank. We continued to offer financing solutions to increase the added value of agriculture, such as greenhouse cultivation, increasing domestic production, reducing imports, increasing mechanization, establishing the value chain, and bringing businesses to an economic scale. In addition, the "Producer Financing System" has been implemented in order to be a solution to the increasingly important food inflation. In addition to these financing solutions, we implemented the "I Have Many Reasons To Live In My Village" project while continuing the trainings in cooperation with universities within the scope of the "Young Farmer Academy".

Deposit continues to be the main funding source in financing the balance sheet. While we have a significant share in our customers' foreign trade transactions with our foreign branch and affiliate bank network and our extensive correspondent network, we continue to obtain funds from international money and capital markets.

We continue to make continuous improvements to ensure that the working environment is suitable and healthy for both our employees and our customers. We kept our branches open during the pandemic period by tightening our measures. We continue to develop digital banking applications not only for the development of service areas but also for faster and more efficient access of our customers to our Bank. During the epidemic period, we provided nearly 4 million customers with personal support loans by applying through digital channels.

Our Bank continues its banking activities effectively in a way that responds to changing conditions and needs.

**Hüseyin AYDIN**  
**Member of the Board and CEO**

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

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**III. Corporate Profile**

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

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

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

Ziraat Bank by having Turkey's most expansive banking service network offers all of its customers from corporate, SME and retail banking segments continuous and superior quality services with;

- 1.758 domestic and foreign branch,
- 24.350 employees,
- Domestic and overseas ATM's,
- Internet Banking (Retail and Corporate Internet Branch),
- Mobile Banking (Ziraat Mobile, Ziraat Tablet)
- Telephone Banking
- SMS Banking

Ziraat Bank will continue its journey towards corporate objectives that are determined by its strategic road map in an uninterrupted manner by producing more for its customers and employees. Bank will keep contributing to the development of Turkish Economy and Banking Sector.

By already having a strong position, The Bank reflects the growth potential of the financial markets in the most accurate way and realizes best practices in business processes.

**IV. Shareholding Structure**

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

Chairman and Members of the Board of Directors, Members of the Supervisory Board and General Manager and Vice General Managers are not shareholders in the bank.



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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)**

**V. Main Financial Indicators**

<b>ASSETS (TL Million)</b>	<b>30.09.2020</b>	<b>31.12.2019</b>
Cash and Cash Equivalents	75.216	57.389
Securities Portfolio	220.129	130.335
Cash Loans (Gross)	603.518	447.983
Other Assets	24.826	14.049
<b>Total Assets</b>	<b>923.689</b>	<b>649.756</b>
<b>LIABILITIES (TL Million)</b>	<b>30.09.2020</b>	<b>31.12.2019</b>
Deposits	644.667	447.251
Non-deposits Resources	158.989	106.476
Other Liabilities	35.355	25.964
Shareholders' Equity	84.678	70.065
<b>Total Liabilities</b>	<b>923.689</b>	<b>649.756</b>
<b>SUMMARY OF PROFIT OR LOSS TABLE (TL Million)</b>	<b>30.09.2020</b>	<b>30.09.2019</b>
Net Interest Income	28.413	16.685
Net Fees and Commission Income	2.168	2.476
Other Operations Income	2.221	1.134
Other Operations Expense	6.031	4.502
Allowance for Expected Credit Losses	7.149	3.272
<b>Net Profit/Losses</b>	<b>6.089</b>	<b>3.844</b>

<b>RATIOS (%)</b>	<b>30.09.2020</b>	<b>31.12.2019</b>
Capital Adequacy Ratio	18,19	17,02
Equity / Total Assets	9,2	10,8
Cash Loans (Gross) / Total Assets	65,3	68,9
Loans under follow-up (Gross) / Total Loans	2,1	2,8
Liquid Assets / Total Assets	8,1	8,8

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)**

**VI. 2020 III. Interim Period Operations**

**Rating Agencies**

The credit rating outlook of the Bank's Long Term Local Currency Bonds was updated from 'Stable' to 'Negative' by the credit rating agency Fitch Ratings on 01.09.2020 and the rating levels were confirmed.

The Bank's Long Term Foreign Currency Deposit credit rating was reduced from 'B3 to Caa1 by the credit rating agency Moody's on 15.09.2020 and the related rating outlook was determined as negative. At the same time, the Bank's Long Term Domestic and Foreign Currency Counterparty Risk ratings were revised from B1 to B2 and Long Term Counterparty Risk Assessment grade from B1 (cr) to B2 (cr).

**Credit Rating Agencies**

Credit Rating Agency	Category	Credit Grade	Date
Fitch Ratings	FC Long Term IDR	B+	September 2020
	Outlook	Negative	
	FC Short Term IDR	B	
	TL Long Term IDR	BB-	
	Outlook	Negative	
	TL Short Term IDR	B	
	National Long Term	AA	
	Outlook	Stable	
	Support	4	
	Support Rating Floor	B+	
	Viability Rating	b+	
Moody's	Outlook	Negative	September 2020
	Long Term Deposit- FC	caal	
	Short Term Deposit -FC	Not-Prime	
	Long Term Deposit- TL	B2	
	Short Term Deposit- TL	Not-Prime	
	Long Term Issuer- FC	B2	
	Long Term Issuer-TL	B2	
	Baseline Credit Assesment	caal	
	Adjusted Basiline Credit Assesment	caal	
JCR Eurasia	Long Term International FC	BBB -	October 2019
	Outlook	Negative	
	Long Term International TL	BBB -	
	Outlook	Negative	
	Long Term National	AAA (Trk)	
	Outlook	Stable	
	Short Term International FC	A - 3	
	Outlook	Negative	
	Short Term International TL	A - 3	
	Outlook	Negative	
	Short Term National	A-1+ (Trk)	
	Sponsor Support	1	
	Stand Alone	A	

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

---

**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)**

**VI. 2020 III. Interim Period Operations (Continued)**

**Financing of Agriculture Sector**

On the one hand Ziraat Bank continued to provide financial support to the agricultural sector on the other hand projects aimed at the solution of structural problems of the agricultural sector and facilitating access of the sector to finance were addressed. Work is carried out with related institutions, organizations and agricultural organizations. In this context, facilitating access to direct finance especially to small-scale farmers, which constitute the most important link in the agricultural value chain, is one of the top priorities. With this purpose, projects are developed for diversifying the loan products and producing alternative collateral options for the farmer.

In the upcoming period, target issues of the Bank will be supporting of the contracted production model that will increase the level of agricultural mechanization of the enterprises, investment projects that will create added value in agricultural production and meet the needs of Turkey and investments of licensed warehousing and cold storage facilities, as well as storage, processing, packaging of agricultural products, increasing the investments and activities

***TL 75,4 billion of loans for financing the agricultural sector***

Ziraat Bank has allocated TL 41,9 billion loans in the third quarter of 2020 from its own funds for financing the agricultural sector and number of the customers who took out a loan reached over 414 thousand and 36 thousand new customers have been added to the portfolio.

As of the end of the third quarter of 2020, the balance of agricultural loans extended from bank’s funds reached TL 75,4 billion and the number of loan customers reached 683 thousand. Additionally through the funds provided by various institutions in the first nine months of 2020, intermediary payments were made to a total of TL 58 million made to 961 customers determined by the relevant institutions. As of the end of the third quarter of 2020, the balance of loan payments originated from intermediated funds is TL 1,9 billion and the number of customers is approximately 70 thousand. By the end of the third quarter of 2020, Ziraat Bank's loans extended from its own funds for the financing of the agricultural sector and the intermediated funds reached TL 77,3 billion and the number of customers with loans reached over 752 thousand.

In line with the decree and communiqué published on subsidized (interest-discounted) loans in 2020, customers operating in the agriculture sector within the subsidy rates determined based on product groups continue to use loans with appropriate interest rates.

In the first nine months of 2020, more than 243 thousand producers and companies operating in the agricultural sector were provided with a subsidy (interest discount) of TL 27,8 billion.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

---

**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)**

**VI. 2020 III. Interim Period Operations (Continued)**

**Agricultural Credit Packages**

Implemented in 2019 and still ongoing;

- **Greenhouse Credit Package**, TL 2,5 billion was extended to approximately 10 thousand producers in the first nine months of 2020; Within the scope of the package, the amount of loans extended since 2019 has reached TL 5,5 billion, and the number of manufacturers has reached 18 thousand.
- **Soybean, Corn and Sunflower Credit Package**, TL 1,6 billion was extended to more than 16 thousand producers in the first nine months of 2020; Within the scope of the package, the amount of loans extended since 2019 has reached TL 2,8 billion, and the number of manufacturers has reached 26 thousand.
- **Credit Package for Livestock Enterprises which Produce Own Feed**, TL 2,2 billion was extended to 21 thousand producers in the first nine months of 2020; Within the scope of the package, the amount of loans extended since 2019 has reached TL 3,6 billion, and the number of producers has reached 35 thousand.

Thus, within the scope of the mentioned loan packages in 2019-2020, the number of producers that have been extended loans was 80 thousand and the total allocated loan amount was TL 11,9 billion.

New ones were added to these packages in 2020,

- During the global pandemic, when sustainability of agricultural production and food supply security are more important than ever, the agricultural production in our country is not disrupted; In order to ensure that the accumulated debts arising from agricultural electricity and agricultural irrigation subscriptions used by producers in agricultural production activities by spreading over a reasonable period of time, the Bank accumulated Agricultural Electricity and Irrigation Debt Loan product was created. With this loan, producers have the opportunity to pay their accumulated agricultural electricity and irrigation debts with a maturity of up to 36 months and an appropriate interest rate. This loan product, which was put into practice at the end of May, has been disbursed in the amount of approximately 3,1 million TL within four months.
- In order to increase the scale of the enterprises operating in the field of ovine breeding, to bring the idle business capacities into production, to ensure regional development with domestic sheep breeds, to create a market by increasing the demand for female animals born in the country, and to reduce animal imports and to diversify the financial solution alternatives of small enterprises, I Have Many Reasons To Live In My Village”Project has been implemented.
- Within the scope of the project, which was implemented in early September, protocol requests were made by 14 governorships, protocols were signed with 9 governorates, and a total of 209 producers operating in the hinterland of 2 governorships were provided with a loan of 24.6 million TL for the purchase of 19,452 animals.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

---

**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)**

**VI. 2020 III. Interim Period Operations (Continued)**

***Young Farmer’s Academy***

The social responsibility project, which was launched in September 2018 under the name of Ziraat Bank Young Farmer's Academy, continues to grow and develop. The number of participants who have successfully completed the “dairy cattle breeding” and “greenhouse cultivation” trainings organized with the collaboration of 6 universities within the scope of the project, has reached 300 out of over 10 thousand applications.

Applications in the fields of dairy cattle breeding, sheep and goat breeding, greenhouse farming and cattle breeding continue to be received in Adana, Antalya, Bursa and Izmir provinces.

**Risk Management**

Bank’s risk management operations, within the frame of BRSA legislations and Basel regulations, aims to elevate the risk management function to reach the level of best risk management practices by promoting risk culture within the Bank and maintaining the improvement of employee quality and information technologies.

Risk management policy is identified as measurement and monitoring of credit risk, market risk, operational risk, balance sheet risk in accordance with the volume, type and complexity of Bank’s transactions, conducting stress tests, scenario analysis and reporting the outcomes from these studies. Policies and application methods of risk management are carried out in accordance with the decisions by the Board of Directors.

Within the scope of the “Credit Risk Management with Advanced Methods Project”, modeling studies for the calculation of credit risk with an approach based on internal rating have come to an end. In this context, after the statistical segment studies, preliminary data analysis improvements and default definition studies were finalized, the Probability of Default (PD) modeling was completed. The Individual and Corporate Portfolio Default Amount (EAD) models have been completed and the documentation phase has started. The development process of Loss in Default (LGD) and Non-Cash Loan Portfolio Default Amount (EAD) models has come to an end and the documentation phase will begin. Within the scope of the project, it is aimed to calculate credit risk parameters, especially for capital allocation and loan pricing processes, in accordance with Basel 3 advanced methods.

Within the scope of the validation of IRB models and TFRS-9 integration project, macroeconomic modeling studies to be used in IRB model validations and TFRS-9 provision calculations have been initiated.

**VII. Other Important Activities**

In line with the transition from the global pandemic to the normalization process, in order to meet the financing needs of the customers with favorable conditions as well as to support the companies producing domestic production, the Social Life Support Contribution Postpaid Credit Package and the Social Life Support Postpaid Credit Package were created. In the ongoing campaign, while a total of 17 million TL was used by approximately more than a thousand people with the Postpaid Credit Package with Contribution Payments, a total of TL 25 million was provided to 1350 people with the Postpaid Loan Package.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

---

**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)**

**VII. Other Important Activities (Continued)**

In order to finance the basic needs of the Bank's corporate customers, which will positively affect their economic activities, under the Treasury-Supported Bail System, the "Recruitment Credit Support Package", which provides the KGF-secured loan facility, and the corporate banker, who uses the check payment tool in their commercial activities, to continue their commercial activities, Within the framework of the Treasury Supported Surety System, KGF guaranteed "Check Payment Support Package" loan products continue to be used in order to enable them to pay the check prices they are

obliged to pay using an appropriate financing source. As of the end of the second period, 50,1 Billion TL Attendance Support Loan was extended to approximately 97 thousand customers and 832 Million TL Check Payment Support Loan was provided to more than 2 thousand customers.

As part of the "KOSGEB SME Financing Support Program", a new financing package that provides KGF guaranteed loans to facilitate SMEs' access to finance and to use loans under favorable conditions, appropriate financing sources were provided to customers affected by the earthquake within the scope of the Elazığ Malatya Emergency Support loan and Tokat Emergency Support loan and Rize Çayeli / Within the scope of the Giresun Emergency Support loan.

Within the scope of normalization measures taken against the possible disruptions in economic and commercial activities as a result of the coronavirus outbreak that threatens public health globally and spreads to many countries including our country; In order to finance the needs of the Touristic Restaurant / Cafeteria Businesses directly affected by the epidemic, the Touristic Restaurant-Cafeteria Enterprises Support Credit Package, which provides KGF guaranteed credit within the framework of the Treasury Supported Surety System, was put into operation and in this context, as of the end of the third quarter of 2020, more than 20 million TL of loans were extended.

As of the end of the third quarter of 2020, the bank corporate credit card Bankkart Başak reached 618 thousand cards and a total risk balance of TL 6,1 billion.

As of the end of the third quarter of 2020, the number of credit cards of the Bank was 8.5 million, the market share of credit card units was 11.5% and the monthly turnover market share was 7,9%. It is anticipated that the said development will continue in the medium and long term. The number of debit cards reached 38.3 million, and the industry leadership of the bank continued, with a 21.8% monthly turnover market share.

As of the end of the third quarter of 2020, the number of member workplaces is 719 thousand and the total number of terminals is 600 thousand. The total turnover of member merchants in the third quarter is 53 billion, and the Bank's turnover market share in August 2020 was 15.97%.

Social contribution activities of Ziraat Bank continue. Ziraat Bank continues its works aiming to develop the individual and society in various fields, especially in culture, art, education and sports. The Bank, which has undertaken projects that will contribute to the cultural accumulation of the society, continues to take its mission one step further each year.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

---

**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)**

**VII. Other Important Activities (Continued)**

**Advertising Activities**

Ziraat Bank, continued to give his name to the trophy as a sponsor of the royalties, Turkey Cup also in the 2019/2020 football season.

The Bank supported the establishment of the Medeniyet University Library, which will become the largest library in Istanbul when completed, in order to reinforce its contributions to the socio-cultural and economic development of our country and to leave a permanent work. The library will serve under the name of "Istanbul Medeniyet University Ziraat Bank Library". Istanbul Medeniyet University Ziraat Bank Library, which is considered as an important social responsibility project, is planned to be completed at the end of 2020.

Ziraat Bank 2019 Integrated Annual Report LACP has been awarded a total of 10 awards, namely Platinum in the "Commercial Banks" category and Gold in the "Financial Companies Group" category, and this success has been announced to the public through social media.

**VII.** Ziraat Bank, in Stevie Awards, the world's prestigious international business awards program, which awards successful organizations, projects and studies at international standards, won the Silver Stevie with its commercial "Dinlemezszen", Bronze Stevie with "2019 Integrated Annual Report", Bronze Stevie with his website .tr ”and the Bronze Stevie with his OPI (Innovation in Operation) application. In addition, Ziraat Bank became the winner of the Bank category for the second time in a row in the “Good Life Brands” survey.

**Cultural Values Have Been Protecting**

Ziraat Bank has been acting with the spirit of social sharing for 156 years, providing continuous support to cultural and artistic fields. Within the framework of these values, Ziraat Bank provided the necessary support to health, education, culture, service and sports activities in the third quarter of 2020 as a part of its social responsibility.

**A tradition of supporting art at Ziraat Bank**

Combining the importance, it attaches to art and artists since its foundation with the slogan “In Art for Art”, Ziraat Bank continues to engage in various activities in all branches of art. Ziraat Bank continues its support for art through Kuğulu, Tunnel and Çukurambar Art Galleries. In the third interim period of 2020, our Art Gallery were temporarily closed to the exhibitions and visits of artists / art lovers due to the Coronavirus outbreak. Çukurambar Art Gallery, located in Ankara Next Level AVM, has been opened to art lovers again in accordance with the social distance rules within the framework of the strict measures taken within the scope of the Covid-19 epidemic.

The State Theaters, Agricultural Stage, which is implemented with the cooperation of The Bank and the General Directorate of State Theaters, which aims to support culture and arts, is at the service of theater lovers.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2020**

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

---

**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)**

**VII. Other Important Activities (Continued)**

***The First Banking Museum***

The Agricultural Bank of the Republic, who personally witnessed almost every stage of the exhibition rooted history museum Agricultural Bank is Turkey's first museum Banking.

The Ziraat Bank Museum was opened in the ground floor Honor Hall of the Ziraat Bank Head Office Building, built in 1929 by the Italian architect Giulio Mongeri, located in the Ulus district of Ankara, which is one of the First National Architecture Period buildings, in 1981 with the aim of transferring the Bank's experience and experience to the future. Starting from today, Turkey's commercial banking system, economic, political, cultural, artistic, educational exchanges and in the past which have the ability to show the progress to date Ziraat Bank Museum, many antique objects used in hosting and banking systems of these properties are exhibited in a historical atmosphere.

Our museum, enriched with digital elements in line with the modern museum understanding, has been temporarily closed to visitors due to the Coronavirus epidemic.

With the Ziraat Bank Museum Virtual Tour, which is prepared by digitalizing all sections and details with three-dimensional imaging technology and accessed through the Bank's website, the museum will be able to be visited and experienced step by step through a computer and mobile phone.

In the virtual tour, information and visuals about the objects and ephemera (historical documents / documents) exhibited in the Museum are included, as well as the works of the Ziraat Bank Art Collection, thanks to the application prepared using special techniques, offers the opportunity to examine them in ultra high resolution with the finest detail.

***Digital Platforms and Field Research***

Ziraat Bank's corporate website, ziraatbank.com.tr, provides easy access to Ziraat Bank services and functions such as most recent financial data, marketing campaigns, announcements, products, calculation tools, Ziraat Assistant chatbot application, possibility of connection with social networks, user-friendly menus that provide easy access to content. Functionality of the corporate website is increased by integrating technological innovations to the website.

In order to meet the demands and expectations in social media channels and to keep customer satisfaction at the highest level in every platform where customers are found, Ziraat Bank has become the most active bank in the industry. On its Facebook page The Bank reached over 2,300,000 likes and followers as of the third quarter of 2020, its activity on social media is increasing day by day with its nearly 460 thousand followers on Twitter, with over 200 thousand followers on Instagram, with over 75 million views, its shares on YouTube page and other platforms.

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