

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

# **Türkiye Cumhuriyeti Ziraat Bankası**

## **Anonim Şirketi**

**Unconsolidated Financial Statements**  
**As of and For the Six Month Period Ended 30 June 2019**  
**With Independent Auditors' Review Report Thereon**  
*(Convenience Translation of Unconsolidated  
Financial Statements and Related Disclosures and Footnotes  
Originally Issued in Turkish)*

31 July 2019

*This report contains "Independent Auditors' Review Report" comprising 2 pages and; "Unconsolidated Financial Statements and Related Disclosures and Footnotes" comprising 98 pages.*

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

## **REVIEW REPORT ON UNCONSOLIDATED INTERIM FINANCIAL INFORMATION**

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

### *Introduction*

We have reviewed the unconsolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. ("the Bank") as at 30 June 2019 and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the six month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Bank management is responsible for the preparation and fair presentation of these unconsolidated interim financial information in accordance with the Banking Regulation and Supervision Agency Accounting and Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision Agency ("BRSA") and circulars and interpretations published by BRSA and the requirements of Turkish Accounting Standard 34 "Interim Financial Reporting" for the matters not regulated by the aforementioned regulations (together referred as "BRSA Accounting and Financial Reporting Legislation"). Our responsibility is to express a conclusion on this unconsolidated interim financial information based on our review.

### *Scope of review*

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

*Basis for the Qualified Conclusion*

As mentioned in Section Five II. Note 9.3 of Explanations and Notes to the Unconsolidated Financial Statements, the accompanying unconsolidated interim financial information as of 30 June 2019 include general provision of total TL 952.000 thousands, which is not in line with the requirements of BRSA Accounting and Reporting Legislation and had been fully recognized as expense in prior periods. Mentioned general provision is provided by the Bank management for the possible effects of the negative circumstances which may arise in economy or market conditions.

*Qualified Conclusion*

Based on our review, except for the effect of the matter described in the basis for the qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial information do not presented fairly in all material respects, the financial position of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. at 30 June 2019, and its unconsolidated financial performance and its cash flows for the six-month period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

*Report on other regulatory requirements arising from legislation*

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the interim activity report in section seven of the accompanying unconsolidated interim financial information is not consistent, in all material respects, with the reviewed unconsolidated interim financial information and explanatory notes.

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

Erdal Tıkmak, SMMM  
Partner

31 July 2019  
Istanbul, Turkey

**Additional paragraph for convenience translation to English:**

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



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

**THE UNCONSOLIDATED FINANCIAL REVIEW REPORT OF  
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 30 JUNE 2019**

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

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

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

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Dr. Ahmet GENÇ  
Chairman of the Board

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Hüseyin AYDIN  
Member of the Board,  
CEO

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

---

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

---

Bilgehan KURU  
Executive Vice President of  
Treasury and International Banking

---

Neslihan ARAS  
Senior Vice President of Financial  
Management

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

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2019**

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

**SECTION ONE**

**GENERAL INFORMATION ABOUT THE BANK**

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

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

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

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

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

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

(1) Appointed at the Ordinary General Assembly held on 27 May 2019 and started duty as of 28 May 2019.

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2019**

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

**SECTION ONE (Continued)**

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

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

<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	6.100.000	100	6.100.000	-

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 conservative transactions, such as; acquiring limited real and personal claims like all kinds of movable and immovable goods, industrial and intellectual properties, right of usufruct, easement, superficies and disposing and transferring acquired properties and rights, placing pledge and mortgage on those properties and rights, releasing pledged and mortgaged items and declaring leasing agreements and sale commitments to the Registry Office.

As of 30 June 2019, Bank carries its activities with a grand total of 1.764 branches; 1.741 domestic branches including 19 corporate branches, 72 entrepreneurial branches, 1.645 branches and 5 mobile branches (31 December 2018: 1.750 domestic branches including 1.638 branches, 20 corporate branches, 87 entrepreneurial branches, 5 mobile branches) and 23 branches abroad London branch in England, Baghdad and Arbil branches in Iraq, Athens, Komotini, and Xanthi branches in Greece, Sofia, Plovdiv, Kardzhali and Varna branches in Bulgaria, Jeddah branch in Saudi Arabia, Pristina, Prizren and Peja branch 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. The Bank's number of employee is 24.533 (31 December 2018: 24.647).

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

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

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

All other subsidiaries are fully consolidated.

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

None.

## **SECTION TWO**

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 30 JUNE 2019**

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

I- BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) ASSETS	Note (Section Five I)	Current Period 30 June 2019			Prior Period 31 December 2018		
		TL	FC	Total	TL	FC	Total
<b>I- FINANCIAL ASSETS (NET)</b>		<b>70.757.430</b>	<b>87.544.260</b>	<b>158.301.690</b>	<b>63.165.314</b>	<b>70.226.928</b>	<b>133.392.242</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>6.912.270</b>	<b>50.746.555</b>	<b>57.658.825</b>	<b>5.688.933</b>	<b>40.547.786</b>	<b>46.236.719</b>
1.1.1. Cash and Balances with Central Bank	(1)	5.958.053	47.945.089	53.903.142	4.824.521	35.667.113	40.491.634
1.1.2 Banks	(4)	903.993	2.802.111	3.706.104	865.081	4.881.130	5.746.211
1.1.3 Receivables from Money Markets		52.337	-	52.337	-	-	-
1.1.4 Allowance for Expected Credit Losses (-)		2.113	645	2.758	669	457	1.126
<b>1.2 Financial Assets Measured at Fair Value Through Profit or Loss</b>	<b>(2)</b>	<b>493.783</b>	<b>6.789.120</b>	<b>7.282.903</b>	<b>501.172</b>	<b>6.230.452</b>	<b>6.731.624</b>
1.2.1 Government Securities		493.783	6.420.146	6.913.929	501.172	5.892.281	6.393.453
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	368.974	368.974	-	338.171	338.171
<b>1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income</b>	<b>(5),(6)</b>	<b>62.243.541</b>	<b>28.626.906</b>	<b>90.870.447</b>	<b>55.426.682</b>	<b>22.960.841</b>	<b>78.387.523</b>
1.3.1 Government Securities		61.591.123	28.108.824	89.699.947	55.241.367	22.570.485	77.811.852
1.3.2 Equity Securities		123.085	360.036	483.121	120.095	249.956	370.051
1.3.3 Other Financial Assets		529.333	158.046	687.379	65.220	140.400	205.620
<b>1.4 Derivative Financial Assets</b>	<b>(3)</b>	<b>1.107.836</b>	<b>1.381.679</b>	<b>2.489.515</b>	<b>1.548.527</b>	<b>487.849</b>	<b>2.036.376</b>
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit or Loss		1.107.836	1.381.679	2.489.515	1.548.527	487.849	2.036.376
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>288.217.991</b>	<b>141.389.307</b>	<b>429.607.298</b>	<b>257.237.375</b>	<b>123.962.374</b>	<b>381.199.749</b>
2.1 Loans	(7)	292.140.595	128.799.488	420.940.083	260.187.307	119.143.769	379.331.076
2.2 Receivables from Leasing Transactions		-	-	-	-	-	-
2.3 Factoring Receivables	(12)	-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortized Cost	(8)	5.584.242	12.626.319	18.210.561	5.404.610	4.850.029	10.254.639
2.4.1 Government Securities		5.425.702	12.624.926	18.050.628	5.207.791	4.848.753	10.056.544
2.4.2 Other Financial Assets		158.540	1.393	159.933	196.819	1.276	198.095
2.5 Allowance for Expected Credit Losses (-)		9.506.846	36.500	9.543.346	8.354.542	31.424	8.385.966
<b>III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)</b>	<b>(15)</b>	<b>2.188.044</b>	<b>-</b>	<b>2.188.044</b>	<b>1.225.389</b>	<b>-</b>	<b>1.225.389</b>
3.1 Held for Sale		2.188.044	-	2.188.044	1.225.389	-	1.225.389
3.2.Held from Discontinued Operations		-	-	-	-	-	-
<b>IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>		<b>4.383.262</b>	<b>3.400.682</b>	<b>7.783.944</b>	<b>4.380.385</b>	<b>3.222.928</b>	<b>7.603.313</b>
<b>4.1 Investments in Associates (Net)</b>	<b>(9)</b>	<b>97.789</b>	<b>-</b>	<b>97.789</b>	<b>94.912</b>	<b>-</b>	<b>94.912</b>
4.1.1. Associates Accounted by Using Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		97.789	-	97.789	94.912	-	94.912
<b>4.2 Subsidiaries (Net)</b>	<b>(10)</b>	<b>4.285.473</b>	<b>3.292.926</b>	<b>7.578.399</b>	<b>4.285.473</b>	<b>3.115.172</b>	<b>7.400.645</b>
4.2.1 Unconsolidated Financial Subsidiaries		4.279.236	3.292.926	7.572.162	4.279.236	3.115.172	7.394.408
4.2.2 Unconsolidated Non-Financial Subsidiaries		6.237	-	6.237	6.237	-	6.237
<b>4.3 Joint Ventures (Net)</b>	<b>(11)</b>	<b>-</b>	<b>107.756</b>	<b>107.756</b>	<b>-</b>	<b>107.756</b>	<b>107.756</b>
4.3.1. Jointly Controlled Partnerships Accounted by Using Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	107.756	107.756	-	107.756	107.756
<b>V. TANGIBLE ASSETS (Net)</b>	<b>(16)</b>	<b>5.612.937</b>	<b>18.499</b>	<b>5.631.436</b>	<b>5.032.628</b>	<b>12.574</b>	<b>5.045.202</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>		<b>670.374</b>	<b>10.587</b>	<b>680.961</b>	<b>597.576</b>	<b>11.817</b>	<b>609.393</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		670.374	10.587	680.961	597.576	11.817	609.393
<b>VII. INVESTMENT PROPERTY (Net)</b>	<b>(14)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>986</b>	<b>-</b>	<b>986</b>	<b>52.297</b>	<b>-</b>	<b>52.297</b>
<b>IX. DEFERRED TAX ASSET</b>		<b>1.698.392</b>	<b>-</b>	<b>1.698.392</b>	<b>1.545.993</b>	<b>-</b>	<b>1.545.993</b>
<b>X. OTHER ASSETS (Net)</b>	<b>(20)</b>	<b>2.606.873</b>	<b>1.860.616</b>	<b>4.467.489</b>	<b>3.490.657</b>	<b>2.991.892</b>	<b>6.482.549</b>
<b>TOTAL ASSETS</b>		<b>376.136.289</b>	<b>234.223.951</b>	<b>610.360.240</b>	<b>336.727.614</b>	<b>200.428.513</b>	<b>537.156.127</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, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 30 JUNE 2019

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

I- BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five II)	Current Period 30 June 2019			Prior Period 31 December 2018		
		TL	FC	Total	TL	FC	Total
<b>LIABILITIES</b>							
<b>I. DEPOSITS</b>	(1)	197.917.377	194.688.365	392.605.742	178.236.637	152.829.846	331.066.483
<b>II. FUNDS BORROWED</b>	(3)	1.724.952	35.213.241	36.938.193	2.668.613	31.503.040	34.171.653
<b>III. MONEY MARKET FUNDS</b>	(4)	45.311.237	19.786.504	65.097.741	55.960.316	12.390.480	68.350.796
<b>IV. SECURITIES ISSUED (Net)</b>	(5)	2.231.615	13.856.148	16.087.763	2.817.528	12.612.940	15.430.468
4.1 Bills		1.220.925	201.776	1.422.701	1.806.838	106.896	1.913.734
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		1.010.690	13.654.372	14.665.062	1.010.690	12.506.044	13.516.734
<b>V. FUNDS</b>		6.095.166	-	6.095.166	6.073.748	-	6.073.748
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		6.095.166	-	6.095.166	6.073.748	-	6.073.748
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	(2)	1.402.883	987.709	2.390.592	1.156.322	487.170	1.643.492
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		1.402.883	987.709	2.390.592	1.156.322	487.170	1.643.492
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>IX. LEASE PAYABLES (Net)</b>	(7)	515.954	71.555	587.509	-	221	221
<b>X. PROVISIONS</b>	(9)	2.863.624	88.423	2.952.047	2.750.935	80.626	2.831.561
10.1 General Loan Loss Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		1.364.255	-	1.364.255	1.312.520	-	1.312.520
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		1.499.369	88.423	1.587.792	1.438.415	80.626	1.519.041
<b>XI. CURRENT TAX LIABILITY</b>	(10)	960.889	2.731	963.620	1.462.416	4.278	1.466.694
<b>XII. DEFERRED TAX LIABILITY</b>	(10)	-	-	-	-	-	-
<b>XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)</b>	(11)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT</b>	(12)	-	9.195.616	9.195.616	-	-	-
14. Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	9.195.616	9.195.616	-	-	-
<b>XV. OTHER LIABILITIES</b>	(6)	6.614.400	10.464.677	17.079.077	8.094.847	10.624.770	18.719.617
<b>XVI. SHAREHOLDERS' EQUITY</b>	(13)	62.589.689	(2.222.515)	60.367.174	59.987.459	(2.586.065)	57.401.394
16.1 Paid-in capital		6.100.000	-	6.100.000	6.100.000	-	6.100.000
16.2 Capital Reserves		(541)	-	(541)	(483)	-	(483)
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		(541)	-	(541)	(483)	-	(483)
16.3. Other Accumulated Comprehensive Income that Will not be Reclassified in Profit or Loss		5.636.282	476.492	6.112.774	5.505.954	206.516	5.712.470
16.4. Other Accumulated Comprehensive Income that Will be Reclassified in Profit or Loss		(4.123.109)	(2.699.007)	(6.822.116)	(3.637.328)	(2.792.581)	(6.429.909)
16.5 Profit Reserves		52.110.376	-	52.110.376	37.320.380	-	37.320.380
16.5.1 Legal Reserves		4.750.183	-	4.750.183	4.026.361	-	4.026.361
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		47.360.193	-	47.360.193	31.732.384	-	31.732.384
16.5.4 Other Profit Reserves		-	-	-	1.561.635	-	1.561.635
16.6 Profit or (Loss)		2.866.681	-	2.866.681	14.698.936	-	14.698.936
16.6.1 Prior Periods' Profit or (Loss)		51.080	-	51.080	6.737.998	-	6.737.998
16.6.2 Current Period Profit or (Loss)		2.815.601	-	2.815.601	7.960.938	-	7.960.938
<b>TOTAL LIABILITIES AND EQUITY</b>		328.227.786	282.132.454	610.360.240	319.208.821	217.947.306	537.156.127

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, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS**

**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019**

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

IV. STATEMENT OF PROFIT OR LOSS		Note	Current Period	Prior Period	Current Period	Prior Period
INCOME AND EXPENSE ITEMS		(Section Five IV)	1 January-30 June 2019	1 January-30 June 2018	1 April-30 June 2019	1 April-30 June 2018
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(1)</b>	<b>32.765.251</b>	<b>21.407.159</b>	<b>17.180.930</b>	<b>11.338.607</b>
1.1	Interest on Loans		25.656.623	17.660.493	13.458.486	9.384.514
1.2	Interest Received from Reserve Deposits		289.105	255.354	144.813	140.264
1.3	Interest Received from Banks		196.886	92.058	106.253	48.435
1.4	Interest Received from Money Market Transactions		6.598	22.471	6.587	12.680
1.5	Interest Received from Marketable Securities Portfolio		6.532.191	3.336.154	3.433.911	1.736.256
1.5.1	Financial Assets at Fair Value Through Profit or Loss		3.785	718	1.366	383
1.5.2	Financial Assets at Fair Value through Other Comprehensive Income		5.807.939	3.060.569	3.046.707	1.604.051
1.5.3	Financial Assets Measured at Amortized Cost		720.467	274.867	385.838	131.822
1.6	Financial Lease Interest Income		-	-	-	-
1.7	Other Interest Income		83.848	40.629	30.880	16.458
<b>II.</b>	<b>INTEREST EXPENSE (-)</b>	<b>(2)</b>	<b>21.786.106</b>	<b>11.645.252</b>	<b>11.123.671</b>	<b>6.212.375</b>
2.1	Interest on Deposits		14.850.006	7.550.494	7.650.641	4.016.364
2.2	Interest on Funds Borrowed		855.804	555.590	489.228	315.191
2.3	Interest on Money Market Transactions		5.226.183	2.926.969	2.524.490	1.550.526
2.4	Interest on Securities Issued		657.359	502.825	374.871	273.678
2.5	Financial Lease Interest Expenses		44.418	9	24.876	5
2.6	Other Interest Expenses		152.336	109.365	59.565	56.611
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>10.979.145</b>	<b>9.761.907</b>	<b>6.057.259</b>	<b>5.126.232</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>1.612.723</b>	<b>1.274.473</b>	<b>791.119</b>	<b>658.498</b>
4.1	Fees and Commissions Received		2.581.001	1.577.949	1.327.741	828.038
4.1.1	Non-cash Loans		443.465	285.859	228.907	148.478
4.1.2	Other		2.137.536	1.292.090	1.098.834	679.560
4.2	Fees and Commissions Paid		968.278	303.476	536.622	169.540
4.2.1	Non-cash Loans		848	223	478	102
4.2.2	Other		967.430	303.253	536.144	169.438
<b>V.</b>	<b>DIVIDEND INCOME</b>		<b>1.030.484</b>	<b>275.108</b>	<b>1.023.174</b>	<b>273.080</b>
<b>VI.</b>	<b>TRADING INCOME /(LOSS) (Net)</b>	<b>(3)</b>	<b>(4.494.783)</b>	<b>(1.662.470)</b>	<b>(3.074.867)</b>	<b>(1.084.962)</b>
6.1	Profit/Losses from Capital Market Transactions		30.407	3.151	29.272	1.616
6.2	Profit/Losses from Derivative Financial Transactions		(4.571.911)	(1.206.330)	(2.981.009)	(756.298)
6.3	Foreign Exchange Profit/Losses		46.721	(459.291)	(123.130)	(330.280)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(4)</b>	<b>826.451</b>	<b>445.887</b>	<b>378.723</b>	<b>12.291</b>
<b>VIII.</b>	<b>GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)</b>		<b>9.954.020</b>	<b>10.094.905</b>	<b>5.175.408</b>	<b>4.985.139</b>
<b>IX.</b>	<b>ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)</b>	<b>(5)</b>	<b>1.838.844</b>	<b>1.311.833</b>	<b>863.919</b>	<b>283.883</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>		<b>3.028</b>	<b>9.826</b>	<b>888</b>	<b>(529)</b>
<b>XI.</b>	<b>PERSONNEL EXPENSE (-)</b>		<b>1.725.542</b>	<b>1.438.332</b>	<b>892.688</b>	<b>734.210</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(6)</b>	<b>3.014.220</b>	<b>2.302.810</b>	<b>1.468.826</b>	<b>1.187.464</b>
<b>XIII.</b>	<b>NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>3.372.386</b>	<b>5.032.104</b>	<b>1.949.087</b>	<b>2.780.111</b>
<b>XIV.</b>	<b>SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		-	-	-	-
<b>XV.</b>	<b>PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>		-	-	-	-
<b>XVI.</b>	<b>INCOME/(LOSS) ON NET MONETARY POSITION</b>		-	-	-	-
<b>XVII.</b>	<b>PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)</b>	<b>(7)</b>	<b>3.372.386</b>	<b>5.032.104</b>	<b>1.949.087</b>	<b>2.780.111</b>
<b>XVIII.</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(8)</b>	<b>(556.785)</b>	<b>(1.079.018)</b>	<b>(235.307)</b>	<b>(557.086)</b>
18.1	Current Tax Provision		(664.671)	(1.010.859)	(167.914)	(316.690)
18.2	Expense Effect of Deferred Tax (+)		(2.346.519)	(852.794)	(1.048.693)	(524.987)
18.3	Income Effect of Deferred Tax (-)		2.454.405	784.635	981.300	284.591
<b>XIX.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)</b>	<b>(9)</b>	<b>2.815.601</b>	<b>3.953.086</b>	<b>1.713.780</b>	<b>2.223.025</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
20.1	Income from Assets Held for Sale		-	-	-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3	Income from Other Discontinued Operations		-	-	-	-
<b>XXI.</b>	<b>EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
21.1	Expenses on Assets Held for Sale		-	-	-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
21.3	Other Expenses from Discontinued Operations		-	-	-	-
<b>XXII.</b>	<b>PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)</b>		-	-	-	-
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-	-	-
23.1	Current Tax Provision		-	-	-	-
23.2	Expense Effect of Deferred Tax (+)		-	-	-	-
23.3	Income Effect of Deferred Tax (-)		-	-	-	-
<b>XXIV.</b>	<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		-	-	-	-
<b>XXV.</b>	<b>NET PROFIT/(LOSS) (XVIII+XXIII)</b>	<b>(10)</b>	<b>2.815.601</b>	<b>3.953.086</b>	<b>1.713.780</b>	<b>2.223.025</b>
	Earnings/(Loss) per share (in TL full)		0,462	0,706	0,281	0,397

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, SEE IN NOTE I. OF SECTION THREE**  
**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

<b>V. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>	<b>Current Period 1 January-30 June 2019</b>	<b>Prior Period 1 January-30 June 2018</b>
<b>I. CURRENT PERIOD PROFIT/LOSS</b>	<b>2.815.601</b>	<b>3.953.086</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>(180.843)</b>	<b>(3.789.521)</b>
2.1 Other Comprehensive Income That Will Not be Reclassified to Profit or Loss	211.364	(94.345)
2.1.1 Property and Equipment Revaluation Increase/Decrease	(55.992)	(75.579)
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain/Loss	-	(30.764)
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	319.964	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(52.608)	11.998
2.2 Other Comprehensive Income That Will be Reclassified to Profit or Loss	(392.207)	(3.695.176)
2.2.1 Foreign Currency Translation Differences	-	(236.276)
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(478.493)	(4.219.858)
2.2.3 Cash Flow Hedge Income/Loss	-	-
2.2.4 Foreign Net Investment Hedge Income/Loss	-	-
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	86.286	760.958
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>2.634.758</b>	<b>163.565</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, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019

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

VI. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share certificate Cancel profits	Other capital reserves	Other Accumulated Comprehensive Income That Will Not Be Reclassified to Profit or Loss			Other Accumulated Comprehensive Income That Will Be Reclassified to 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 30 June 2019</b>									
<b>I. Balance at the beginning of the period</b>	<b>6.100.000</b>	-	-	(483)	<b>3.760.738</b>	<b>(57.499)</b>	<b>2.009.231</b>	-	<b>(6.429.909)</b>	-	<b>37.320.380</b>	<b>14.698.936</b>	-	<b>57.401.394</b>
<b>II. Adjustment in accordance with TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. New balance (I+II)</b>	<b>6.100.000</b>	-	-	(483)	<b>3.760.738</b>	<b>(57.499)</b>	<b>2.009.231</b>	-	<b>(6.429.909)</b>	-	<b>37.320.380</b>	<b>14.698.936</b>	-	<b>57.401.394</b>
<b>IV. Total comprehensive income (loss)</b>	-	-	-	-	<b>(50.902)</b>	-	<b>262.266</b>	-	<b>(392.207)</b>	-	-	-	<b>2.815.601</b>	<b>2.634.758</b>
<b>V. Capital increase in cash</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Capital increase through internal reserves</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Issued capital inflation adjustment difference</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Convertible bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Subordinated debt</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Increase (decrease) through other changes, equity</b>	-	-	-	(58)	<b>188.940</b>	-	-	-	-	-	<b>143.700</b>	<b>(1.560)</b>	-	<b>331.022</b>
<b>XI. Profit distribution</b>	-	-	-	-	-	-	-	-	-	-	<b>14.646.296</b>	<b>(14.646.296)</b>	-	-
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to legal 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>	-	-	(541)	<b>3.898.776</b>	<b>(57.499)</b>	<b>2.271.497</b>	-	<b>(6.822.116)</b>	-	<b>52.110.376</b>	<b>51.080</b>	<b>2.815.601</b>	<b>60.367.174</b>

1. 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 Other Comprehensive Income that will not be Reclassified to Profit or Loss)

4. Exchange Differences on Translation

5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured 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 Other Comprehensive Income that will be Reclassified to 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, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2018

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

VI. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share certificate Cancel profits	Other capital reserves	Other Accumulated Comprehensive Income That Will Not Be Reclassified to Profit or Loss			Other Accumulated Comprehensive Income That Will Be Reclassified to Profit or Loss			Profit Reserves	Prior period net profit/(loss)	Current period net profit/(loss)	Total Equity
					1	2	3	4	5	6				
					<b>Prior Period 30 June 2018</b>									
<b>I. Balance at the beginning of the period</b>	5.600.000	-	-	(252)	3.858.888	(119.482)	-	869.944	(817.038)	17.388	29.660.259	7.940.121	-	47.009.828
<b>II. Adjustment in accordance with TAS 8</b>	-	-	-	-	-	-	-	-	2.402	-	-	5.518.877	-	5.521.279
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	2.402	-	-	5.518.877	-	5.521.279
<b>III. New balance (I+II)</b>	5.600.000	-	-	(252)	3.858.888	(119.482)	-	869.944	(814.636)	17.388	29.660.259	13.458.998	-	52.531.107
<b>IV. Total comprehensive income (loss)</b>	-	-	-	-	(68.708)	(25.637)	-	(236.276)	(3.458.900)	-	-	-	3.953.086	163.565
<b>V. Capital increase in cash</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Capital increase through internal reserves</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Issued capital inflation adjustment</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. difference</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated debt</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Increase (decrease) through other changes, equity</b>	-	-	-	(168)	-	-	-	-	-	-	-	54.774	-	54.606
<b>XI. Profit distribution</b>	-	-	-	-	-	-	-	-	-	-	77.722	(77.722)	-	-
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	77.722	(77.722)	-	-
<b>Balance at the End of the Period (III+IV+.....+X+XI)</b>	5.600.000	-	-	(420)	3.790.180	(145.119)	-	633.668	(4.273.536)	17.388	29.737.981	13.436.050	3.953.086	52.749.278

1. 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 Other Comprehensive Income that will not be Reclassified to Profit or Loss)

4. Exchange Differences on Translation

5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured 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 Other Comprehensive Income that will be Reclassified to 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, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**UNCONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019**

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

<b>VII. STATEMENT OF CASH FLOWS</b>			
	<b>Note (Section VI)</b>	<b>Current Period 1 January-30 June 2019</b>	<b>Prior Period 1 January-30 June 2018</b>
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
1.1		(2.464.606)	1.932.483
1.1.1		30.065.305	19.115.381
1.1.2		(20.338.383)	(10.574.463)
1.1.3		1.023.184	275.108
1.1.4		2.575.109	1.572.368
1.1.5		826.450	445.887
1.1.6		880.870	523.919
1.1.7		(1.967.950)	(1.638.327)
1.1.8		(1.591.284)	(1.344.991)
1.1.9		(13.937.907)	(6.442.399)
1.2		11.051.476	8.329.772
1.2.1		(552.986)	(716)
1.2.2		(11.205.600)	(2.437.456)
1.2.3		(38.162.499)	(46.633.387)
1.2.4		656.916	(3.506.167)
1.2.5		3.136.068	13.410.669
1.2.6		54.461.782	37.243.853
1.2.7		747.100	751.432
1.2.8		2.722.233	8.386.299
1.2.9		-	-
1.2.10		(751.538)	1.115.245
<b>I.</b>		<b>8.586.870</b>	<b>10.262.255</b>
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
<b>II. Net Cash Provided from Investing Activities</b>		<b>(16.898.116)</b>	<b>(8.461.448)</b>
2.1		-	(560.505)
2.2		-	-
2.3		(605.882)	(17.228)
2.4		136.534	131.087
2.5		(21.473.529)	(13.452.320)
2.6		10.711.605	5.210.413
2.7		(9.459.129)	(73.119)
2.8		1.794.543	2.422.763
2.9		1.997.742	(2.122.539)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided from Financing Activities</b>		<b>8.426.364</b>	<b>574.317</b>
3.1		12.252.033	8.567.452
3.2		(3.653.455)	(7.993.070)
3.3		-	-
3.4		-	-
3.5		(172.214)	(65)
3.6		-	-
<b>IV.</b>		<b>1.066.580</b>	<b>1.128.514</b>
<b>V.</b>		<b>1.181.698</b>	<b>3.503.638</b>
<b>VI.</b>		<b>23.389.729</b>	<b>13.015.679</b>
<b>VII.</b>		<b>24.571.427</b>	<b>16.519.317</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, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2019**

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

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

The unconsolidated financial statements have been prepared in thousands of Turkish Lira (“TL”), under the historical cost convention, 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”).

In accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements”, published in the Official Gazette No. 30673, dated 01 February 2019, prior period financial statements are aligned with latest financial statement format.

**Changes in Accounting Policies**

The Bank has put TFRS 16 Leases standard into use starting from January 2019 for operational leasing transactions that the Bank is a counterparty. For the transactions the Bank is lessee, the Bank used the model the standard projects except for the low value assets and short term leaseings (1 year or less).

TFRS 16 Leases standard abolishes the dual accounting model currently applied for lessees through recognizing finance leases in the balance sheet whereas not recognizing operational lease. Instead, it is set forth a single model similar to the present accounting of finance leases which is balance sheet based, singular accounting model. Standard brought a single model for lease accounting to lessees. The bank as a lessee, has shown right of use assets representing right of use of underlying assets and lease payment which the Bank is liable, in its financial tables. For lessors, the accounting stays almost the same.

This standard is applied with modified retrospective approach recognizing the cumulative effect of initially applying the standard at the date of initial application. In this context, the Bank did not restate comparative information.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2019**

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

**SECTION THREE (Continued)**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**Changes in Accounting Policies (Continued)**

The Bank recognizes a lease liability and a right-of-use asset at the date of initial application TFRS 16 for leases previously classified as an operating lease applying TAS 17. The Bank measures that lease liability by the present value of the remaining lease payments, discounted using the Bank’s alternative borrowing rate at the date of initial application. Besides, the bank measures that right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application.

**TFRS 16 Leases Standard Transition Effect**

	<b>31 December 2018</b>	<b>TFRS 16 Reclassification Effect</b>	<b>TFRS 16 Transition Effect</b>	<b>1 January 2019</b>
Tangibles (Net)	4.584.479	16.313	555.555	5.156.347
Intangibles (Net)	421.089	-	92.500	513.589
Other Assets (Net)	6.482.549	(16.313)	-	6.466.236
Lease Payables (Net)	221	-	648.055	648.276

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

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

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

Capital payments in US Dollar amounts transferred to the subsidiaries operating abroad and evaluation differences, are converted to Turkish Liras by effective exchange rate on valuation date and presented on the financial statements. For currency risk arising from foreign currency conversion of subsidiaries’ capital that is paid in Euro amounts, Euro deposits are used for hedging purposes. The total capital amount linked to this purpose is 265.575 thousand Euros.

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.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2019**

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

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**SECTION THREE (Continued)**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

**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” , (Derivative Financial Assets Designated at Fair Value through Profit or Loss) or (Derivative Financial Assets Designated at Fair Value through Other Comprehensive Income).

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

The fair value of the derivative financial instruments are calculated considering quoted market prices or by applying TL Libor based discounted cash flow models.

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.

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

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

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

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

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2019**

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

**SECTION THREE (Continued)**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VII. EXPLANATIONS ON FINANCIAL ASSETS**

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

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

**Classification and Measurement within the Scope of TFRS 9**

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

-The business model used by the entity for the management of financial assets,

-Properties of contractual cash flows of a financial asset.

To determine the classification of financial assets, Business Model Test and Cash Flow Characteristics Test are performed.

**Financial assets at fair value through profit or loss**

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

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

Government bonds and treasury bills included in held for trading and financial assets at fair value through other comprehensive income traded in BİST are carried at weighted average exchange prices of BİST as of the balance sheet date and those securities that are not traded in BİST are carried at prices of the Central Bank of the Republic of Turkey. Eurobonds are carried at prices in the over the counter markets. All gains and losses arising from these valuations are reflected in the profit or loss account.

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

Financial assets are classified as fair value through other comprehensive income if the assets are being held in line with a business model that aims collection of contractual cash flows or sale of assets and additionally if the contractual terms of the financial asset lead to cash flows that solely include the payments of principal and interest on certain dates.

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2019**

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

**SECTION THREE (Continued)**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

Equities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair value can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost less provision for impairment. Regarding the banking operations of the Bank, there exist ineffective shares of Kredi Garanti Fonu, Türk Ticaret Bankası in liquidation, Borsa İstanbul, Borica Bank Services AD, Central Bank of the Republic of Turkey and Milli Reasürans T.A.Ş. The related investments are classified under financial assets at fair value through other comprehensive income and are carried at book value.

**Financial Assets Measured at Amortized Cost**

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

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

Fair value through other comprehensive income” and “measured at amortized cost” securities portfolio of the Bank include Consumer Price Index (CPI) Linked 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. As it is mentioned in the Undersecretariat of Treasury’s Investor Guide of CPI Linked Bonds, the reference index used during the calculation of the actual coupon payment amount is the previous two months CPI’s. The Bank determines its expected inflation rates in compliance with this guide.

The Bank also sets the estimated inflation rate in case of necessity.

**Loans**

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

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

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

**Explanations on Expected Loss Provisions**

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 (Stage 2 and Stage 3) is applied when there is a significant increase in credit risk.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2019**

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

**SECTION THREE (Continued)**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**Impairment**

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

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

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

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

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

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

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

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

***Significant Increase in Credit Risk (Stage 2)***

Financial assets are transferred to stage 2 if there is a significant increase in credit risk. While the expected loss provision is calculated for the following 1-year for loans at stage 1, and the expected loss provision for loans at stage 2 is calculated by taking into consideration the full remaining maturity.

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 , the number of delinquency being 30 days and above, and the Bank's internal early warning system note.

***Credit-Impaired Losses (Stage 3 / Specific Provision)***

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

It is considered a debt as default on these two conditions;

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2019**

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

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**SECTION THREE (Continued)**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**Impairment (Continued)**

***Credit-Impaired Losses (Stage 3 / Specific Provisions) (Continued)***

Collective assessment of financial instruments is based on homogeneous group assets referring to portfolio segmentation including similar credit risk and product characteristics.

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:

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

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

**Probability of Default**

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

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

**Default Amount**

The default amount represents the expected gross receivable if a loan is defaulted.

**Loss Given Default**

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**

For the loans in Stage 1, expected loss provision is calculated until the maturity for the ones which have less than one year to due date and for 1 year for the ones which have more than one year to due date. And for 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 analyzing historical data for products with no maturity information. Expected loss provisions are calculated based on these maturities depending on the type of loan.

**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 a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

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

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**SECTION THREE (Continued)**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

As of the balance sheet date, securities borrowed by the Bank are monitored in Financial assets at fair value through profit/loss portfolio at market value as of the date of borrowing. There is no valuation for securities nevertheless commission/interest payables are valued.

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

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

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

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

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



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**SECTION THREE (Continued)**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

**XIII. EXPLANATIONS ON TANGIBLE ASSETS**

Tangible assets are measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. As of 31 January 2014 the Bank has changed its accounting policies and has decided to pursue the real estates registered in its portfolio at fair values. In this context, for all real estates registered in the Bank’s inventory, appraisal study was carried by independent expertise companies, and from 31 December 2016 valuation results are reflected in the accounting records. As a result of the fair valuation of the real estates, TL 3.709.836 net is followed under shareholders’ equity as of 30 June 2019. As of 30 January 2014, the net book amount of real estates of the tangible assets before valuation was TL 816.950.

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

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

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

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

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

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

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**SECTION THREE (Continued)**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XIV. EXPLANATIONS ON LEASING TRANSACTIONS**

**Operational 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 lease is actually started, in accordance with TFRS 16. Lease payments are discounted by using the Bank’s alternative borrowing rate.

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

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

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

The Bank, applies a discount rate that reflects the changes in the interest rate in a scenario where the Bank used purchase option at the initial lease term.

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.

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

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

**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.

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

**SECTION THREE (Continued)**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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 hours 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 June 2019, retirement benefit obligation is TL 912.072 (31 December 2018: TL 824.520).

	<b>Current Period</b>	<b>Prior Period</b>
Discount Rate	16,30%	16,30%
Inflation	12,00%	12,00%

Communiqué on “Turkish Accounting Standard (TAS19) about Benefits for Employee (No:9)” published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority (“POA”) on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2012 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. Actuarial loss amounting to TL 57.499 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.

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

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**SECTION THREE (Continued)**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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**SECTION THREE (Continued)**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

The technical balance sheet report as of 31 December 2018 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% implementation on the Corporate Tax Law No. 5520 was taken into effect on 1 January 2006 after being published in the Official Gazette dated 21 June 2006 numbered 26205 , will be applied as 22% for corporation earnings for three years from 1 January 2018 with the regulation dated 28 November 2017 numbered 7061. Furthermore, Cabinet is made authorized to decrease this ratio to 20% from 22%. The bank applies new regulations to its current and deferred tax responsibilities. The corporate tax rate is calculated on the total income of the Bank after adjusting for certain disallowable expenses, exempt income (like affiliate gains) and other allowances. If there is no dividend distribution, no further tax charges are made.

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

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

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

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

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

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**SECTION THREE (Continued)**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**Current Tax (Continued)**

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

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", the Bank calculates and recognizes deferred tax for temporary differences between the bases calculated based on the accounting policies used and valuation principles and that calculated under the tax legislation.

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

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

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

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

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

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**SECTION THREE (Continued)**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVIII. EXPLANATIONS ON BORROWINGS**

The Bank accounts its debt instruments in accordance with TFRS 9 “Financial Instruments” In the following periods, 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 and has no instruments representing its own borrowings.

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

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

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

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

**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.

**XXII. EXPLANATIONS ON SEGMENT REPORTING**

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

**XXIV. EXPLANATIONS ON OTHER MATTERS**

None.

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

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**SECTION FOUR**

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

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

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

As of 30 June 2019 Bank’s total capital has been calculated as TL 73.365.940 (31 December 2018: TL 61.008.521), capital adequacy ratio is 16,02% (31 December 2018:14,82%). This ratio is well above the minimum ratio required by the legislation.

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

	<b>Current Period 30.06.2019</b>	<b>Amount as per the regulation before 1/1/2014*</b>
<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	5.978.407	-
Profit	2.866.681	-
Current Period Profit	2.815.601	-
Prior Period Profit	51.080	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	17.388	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>67.072.852</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	6.705.677	-
Improvement costs for operating leasing	29.363	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	680.960	680.960
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-



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**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2019**

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

**SECTION FOUR (Continued)**

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

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

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

	Current Period 30.06.2019	Amount as per the regulation before 1/1/2014*
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>7.416.000</b>	-
<b>Total Common Equity Tier I Capital</b>	<b>59.656.852</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	9.112.600	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
<b>Additional Tier I Capital before Deductions</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>9.112.600</b>	-
<b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>	<b>68.769.452</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)	4.735.940	-
<b>Tier II Capital Before Deductions</b>	<b>4.735.940</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>4.735.940</b>	-
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>73.505.392</b>	-

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

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**SECTION FOUR (Continued)**

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

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

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

	<b>Current Period 30.06.2019</b>	<b>Amount as per the regulation before 1/1/2014*</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>73.505.392</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	139.452	-
<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)	73.365.940	-
Total Risk Weighted Assets	457.974.634	-
<b>CAPITAL ADEQUACY RATIOS</b>		
CET 1 Capital Ratio (%)	13,03	-
Tier I Capital Ratio (%)	15,02	-
Capital Adequacy Ratio (%)	16,02	-
<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	8,53	-
Amounts Lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	178.993	-
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	87.336	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	1.698.392	-
<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)	4.735.940	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	4.735.940	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Comminique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Comminique 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 0 in the unconsolidated financial report since it is necessary to fill in the systematic significant banks that are not required to prepare financial statements in the context of the 4th paragraph of Article 4 of the "Regulation on Systemic Significant Banks".

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

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**SECTION FOUR (Continued)**

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

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

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

	<b>Prior Period 31 December 2018</b>	<b>Amount as per the regulation before 1/1/2014*</b>
<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	35.758.745	-
Gains recognized in equity as per TAS	7.349.739	-
Profit	14.698.936	-
Current Period Profit	7.960.938	-
Prior Period Profit	6.737.998	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	17.388	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>63.924.808</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	6.523.415	-
Improvement costs for operating leasing	39.634	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	609.393	609.393
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	-	-
Communique 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, SEE IN NOTE I. OF SECTION THREE

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SECTION FOUR (Continued)

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

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

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

	Prior Period 31 December 2018	Amount as per the regulation before 1/1/2014*
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>7.172.442</b>	-
<b>Total Common Equity Tier I Capital</b>	<b>56.752.366</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	-	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
<b>Additional Tier I Capital before Deductions</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>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>	<b>56.752.366</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)	4.258.026	-
<b>Tier II Capital Before Deductions</b>	<b>4.258.026</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>4.258.026</b>	-
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>61.010.392</b>	-

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

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**SECTION FOUR (Continued)**

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

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

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

	<b>Prior Period 31 December 2018</b>	<b>Amount as per the regulation before 1/1/2014*</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>61.010.392</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 (-)	1.871	-
<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)	61.008.521	-
Total Risk Weighted Assets	411.815.001	-
<b>CAPITAL ADEQUACY RATIOS</b>		
CET 1 Capital Ratio (%)	13,78	-
Tier I Capital Ratio (%)	13,78	-
Capital Adequacy Ratio (%)	14,82	-
<b>BUFFERS</b>		
Total additional core capital requirement ratio (a+b+c)	1,89	-
a) Capital conservation buffer requirement (%)	1,88	-
b) Bank specific countercyclical buffer requirement (%)	0,016	-
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	5,78	-
Amounts Lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	174.201	-
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	83.917	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	1.545.993	-
<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)	4.258.026	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	4.258.026	-
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, SEE IN NOTE I. OF SECTION THREE**

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**SECTION FOUR (Continued)**

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

**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)	9.113
Nominal value of instrument (TL million)	9.113
Accounting classification of the instrument	347001-Subordinated Debts
Original date of issuance	24.04.2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Issue date of the instrument	24.04.2019
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	24.04.2024
<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 incompliances with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.

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

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**SECTION FOUR (Continued)**

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

**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>Current Period</b>	<b>Prior Period</b>
<b>Balance Sheet - Equity</b>	<b>60.367.174</b>	<b>57.401.394</b>
Operational Leasing Development Costs	(29.363)	(39.634)
Goodwill and Other Intangible Assets and Related Deferred Taxes Liabilities	(680.960)	(609.393)
TIER 2 Capital (Provisions)	4.735.940	4.258.026
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	9.112.600	-
Other deductions from common equity	(139.452)	(1.871)
Amount recognized in regulatory capital	<b>73.365.940</b>	<b>61.008.521</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. Therefore, the Bank is not exposed to significant currency risks. Risks are monitored by the currency risk tables prepared based on the standard method. Besides, VAR is calculated for daily foreign exchange position and reported to the related departments. VAR based currency risk limit is also daily followed which was approved by Board of Directors.

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

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

None.

**3. Management Policy for Foreign Currency Risk**

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

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

	<b>USD</b>	<b>EUR</b>	<b>AUD</b>	<b>DKK</b>	<b>SEK</b>	<b>CHF</b>	<b>CAD</b>	<b>NOK</b>	<b>GBP</b>	<b>SAR</b>	<b>100 JPY</b>
24.06.2019	5,7422	6,5404	3,9937	0,8762	0,6175	5,9089	4,3485	0,6765	7,3076	1,5311	5,3486
25.06.2019	5,7078	6,4950	3,9772	0,8702	0,6160	5,8674	4,3320	0,6700	7,2592	1,5220	5,3374
26.06.2019	5,7254	6,5081	3,9958	0,8719	0,6180	5,8632	4,3586	0,6741	7,2587	1,5267	5,3195
27.06.2019	5,7111	6,4935	3,9995	0,8702	0,6162	5,8413	4,3553	0,6710	7,2416	1,5230	5,3003
28.06.2019	5,7197	6,5090	4,0107	0,8724	0,6167	5,8652	4,3752	0,6702	7,2766	1,5253	5,3133
30.06.2019	5,7197	6,5090	4,0107	0,8724	0,6167	5,8652	4,3752	0,6702	7,2766	1,5253	5,3133

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

<b>USD</b>	<b>EUR</b>	<b>AUD</b>	<b>DKK</b>	<b>SEK</b>	<b>CHF</b>	<b>CAD</b>	<b>NOK</b>	<b>GBP</b>	<b>SAR</b>	<b>100 JPY</b>
5,7630	6,5009	4,0012	0,8709	0,6122	5,8260	4,3334	0,6674	7,3020	1,5368	5,3316

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SECTION FOUR (Continued)

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

II. EXPLANATIONS ON THE CURRENCY RISK (Continued)

6. Information on The Foreign Currency Risk of The Bank

	EUR	USD	Other FC <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	21.994.246	18.145.078	7.805.763	47.945.087
Banks	709.073	1.658.627	433.768	2.801.468
Financial Assets at Fair Value Through Profit and Loss	2.267.683	4.521.437	-	6.789.120
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	6.038.284	22.499.480	89.142	28.626.906
Loans <sup>(2)</sup>	49.101.690	79.849.046	155.396	129.106.132
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures) <sup>(4)</sup>	2.250.290	1.150.392	-	3.400.682
Financial Assets Measured at Amortised Cost	9.188.666	3.436.816	837	12.626.319
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	10.647	559	7.293	18.499
Intangible Assets	3.470	-	7.117	10.587
Other Assets <sup>(6)</sup>	1.085.992	698.255	71.822	1.856.069
<b>Total Assets<sup>(5)(7)</sup></b>	<b>92.650.041</b>	<b>131.959.690</b>	<b>8.571.138</b>	<b>233.180.869</b>
<b>Liabilities</b>				
Interbank Deposits	12.005.874	5.240.207	247.610	17.493.691
Foreign Currency Deposits	96.637.067	66.834.509	13.723.098	177.194.674
Money Market Borrowings	-	19.786.504	-	19.786.504
Funds Provided from Other Financial Institutions	10.841.912	24.370.695	634	35.213.241
Issued Marketable Securities <sup>(8)</sup>	9.195.616	13.757.921	98.227	23.051.764
Sundry Creditors	2.031.216	106.568	645.131	2.782.915
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	2.717.080	5.054.338	73.053	7.844.471
<b>Total Liabilities</b>	<b>133.428.765</b>	<b>135.150.742</b>	<b>14.787.753</b>	<b>283.367.260</b>
<b>Net Balance Sheet Position</b>	<b>(40.778.724)</b>	<b>(3.191.052)</b>	<b>(6.216.615)</b>	<b>(50.186.391)</b>
<b>Net Off-Balance Sheet Position<sup>(3)</sup></b>	<b>42.674.081</b>	<b>75.369</b>	<b>6.087.759</b>	<b>48.837.209</b>
Financial Derivative Assets	47.240.789	59.564.742	7.539.447	114.344.978
Financial Derivative Liabilities	4.566.708	59.489.373	1.451.688	65.507.769
<b>Non-Cash Loans</b>	<b>33.885.617</b>	<b>44.290.381</b>	<b>6.887.074</b>	<b>85.063.072</b>
<b>Prior Period</b>				
Total Assets	73.766.906	115.716.715	11.073.455	200.557.076
Total Liabilities	101.589.478	105.578.028	12.878.695	220.046.201
<b>Net Balance Sheet Position</b>	<b>(27.822.572)</b>	<b>10.138.687</b>	<b>(1.805.240)</b>	<b>(19.489.125)</b>
<b>Net Off-Balance Sheet Position<sup>(3)</sup></b>	<b>29.335.754</b>	<b>(12.368.708)</b>	<b>1.940.459</b>	<b>18.907.505</b>
Financial Derivative Assets	33.782.256	31.635.082	3.647.503	69.064.841
Financial Derivative Liabilities	4.446.502	44.003.790	1.707.044	50.157.336
<b>Non-Cash Loans</b>	<b>33.562.849</b>	<b>43.102.010</b>	<b>6.372.730</b>	<b>83.037.589</b>

1) Of the foreign currencies presented in the other FC column of assets 88,57% is Gold 2,62% is GBP, 3,37% is IQD, 1,69% is SAR, and the remaining 3,75% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 68,80% is Gold, 12,91% is GBP, 5,41% is SAR, 5,86% is CHF, 2,24% is DKK, and the remaining 4,78% is other foreign currencies. (31 December 2018: Of the foreign currencies presented in the other FC column of assets 77,61% is Gold, 15,98% is SAR, 2,34% is GBP, 2,16% is IQD, and the remaining 1,91% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 60,60% is Gold, 14,11% is GBP, 13,46% is SAR, 5,72% is CHF, 2,17% is DKK, 0,77% is SEK, 0,59% is BGN and the remaining 2,58% is other foreign currencies.)

2) TL 196.781 equivalent of USD, and TL 146.363 equivalent of EUR loans are originated as foreign currency indexed loans (31 December 2018: TL 391.257 equivalent of USD, and TL 228.942 equivalent of EUR)

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

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

5) Derivative financial assets held for trading and liabilities are not included in the table.

6) Prepaid expenses in other assets amounting to TL 4.547 are not included in the table.

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

8) Includes subordinated debt instruments.



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**SECTION FOUR (Continued)**

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

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

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

*(Based on days to repricing dates)*

<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	32.259.650	-	-	-	-	21.642.932	53.902.582
Banks	1.217.833	32.956	-	-	-	2.453.118	3.703.907
Financial Assets at Fair Value Through Profit and Loss	21.637	189	6.040	363.659	6.462	6.884.916	7.282.903
Money Market Placements	52.337	-	-	-	-	-	52.337
Financial Assets at Fair Value Through Other Comprehensive Income	13.502.325	7.480.282	22.971.372	20.242.938	25.854.416	819.114	90.870.447
Loans Given <sup>(3)</sup>	148.114.737	27.229.817	74.018.369	107.094.174	52.353.133	2.588.965	411.399.195
Financial Assets Measured at Amortised Cost	2.525.710	84.295	1.736.233	10.217.743	3.644.123	-	18.208.104
Other Assets <sup>(2)</sup>	682.127	757.605	1.010.723	100.612	9.688	22.380.010	24.940.765
<b>Total Assets <sup>(1)(5)</sup></b>	<b>198.376.356</b>	<b>35.585.144</b>	<b>99.742.737</b>	<b>138.019.126</b>	<b>81.867.822</b>	<b>56.769.055</b>	<b>610.360.240</b>
<b>Liabilities</b>							
Interbank Deposits	21.619.739	6.750.607	552.592	-	-	3.079.983	32.002.921
Other Deposits	149.609.397	76.341.307	33.078.812	1.345.701	3	100.227.601	360.602.821
Money Market Borrowings	55.775.912	3.155.535	5.500.795	665.499	-	-	65.097.741
Sundry Creditors	-	-	-	-	-	6.630.944	6.630.944
Issued Marketable Securities <sup>(6)</sup>	5.306.145	545.302	181.534	19.250.398	-	-	25.283.379
Funds Provided from Other Financial Institutions	5.832.643	7.561.533	16.569.398	6.016.745	957.874	-	36.938.193
Other Liabilities <sup>(4)</sup>	2.401.323	257.830	453.196	954.145	5.006.773	74.730.974	83.804.241
<b>Total Liabilities <sup>(1)</sup></b>	<b>240.545.159</b>	<b>94.612.114</b>	<b>56.336.327</b>	<b>28.232.488</b>	<b>5.964.650</b>	<b>184.669.502</b>	<b>610.360.240</b>
<b>Balance Sheet Long Position</b>	-	-	<b>43.406.410</b>	<b>109.786.638</b>	<b>75.903.172</b>	-	<b>229.096.220</b>
<b>Balance Sheet Short Position</b>	<b>(42.168.803)</b>	<b>(59.026.970)</b>	-	-	-	<b>(127.900.447)</b>	<b>(229.096.220)</b>
Off-Balance Sheet Long Position	-	1.189.063	-	-	-	-	1.189.063
Off-Balance Sheet Short Position	(787.431)	-	(108.071)	(653.677)	-	-	(1.549.179)
<b>Total Position</b>	<b>(42.956.234)</b>	<b>(57.837.907)</b>	<b>43.298.339</b>	<b>109.132.961</b>	<b>75.903.172</b>	<b>(127.900.447)</b>	<b>(360.116)</b>

<sup>(1)</sup> Balances without fixed maturity are shown in the “Up to 1 Month” and “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.

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**SECTION FOUR (Continued)**

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

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

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

*(Based on days to repricing dates)*

<b>Prior 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	21.974.449	-	-	-	-	18.516.763	40.491.212
Banks	3.318.379	10.879	45.483	-	-	2.370.766	5.745.507
Financial Assets at Fair Value Through Profit and Loss	20.574	8.478	3.234	916	5.966	6.692.456	6.731.624
Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	8.849.807	8.341.822	18.668.696	19.927.493	21.937.049	662.656	78.387.523
Loans Given <sup>(4)</sup>	127.048.614	34.097.919	66.018.652	119.026.844	22.642.535	2.111.930	370.946.494
Financial Assets Measured at Amortised Cost	2.388.244	883.236	1.944.981	1.618.345	3.418.449	-	10.253.255
Other Assets <sup>(3)</sup>	404.550	1.297.606	311.015	81.474	10.437	22.495.430	24.600.512
<b>Total Assets <sup>(1)</sup></b>	<b>164.004.617</b>	<b>44.639.940</b>	<b>86.992.061</b>	<b>140.655.072</b>	<b>48.014.436</b>	<b>52.850.001</b>	<b>537.156.127</b>
<b>Liabilities</b>							
Interbank Deposits	15.187.956	5.292.517	446.008	-	-	4.742.133	25.668.614
Other Deposits	138.444.436	45.004.430	38.597.049	1.102.333	-	82.249.621	305.397.869
Money Market Borrowings	64.077.480	2.671.990	1.118.379	482.947	-	-	68.350.796
Sundry Creditors	-	-	-	-	-	5.315.978	5.315.978
Issued Marketable Securities	1.088.127	896.197	4.030.908	9.415.236	-	-	15.430.468
Funds Provided from Other Financial Institutions	6.970.785	8.941.633	11.721.664	5.508.802	1.028.769	-	34.171.653
Other Liabilities <sup>(2)(5)</sup>	1.333.955	810.066	460.321	281.682	4.831.437	75.103.288	82.820.749
<b>Total Liabilities <sup>(1)</sup></b>	<b>227.102.739</b>	<b>63.616.833</b>	<b>56.374.329</b>	<b>16.791.000</b>	<b>5.860.206</b>	<b>167.411.020</b>	<b>537.156.127</b>
<b>Balance Sheet Long Position</b>	<b>-</b>	<b>-</b>	<b>30.617.732</b>	<b>123.864.072</b>	<b>42.154.230</b>	<b>-</b>	<b>196.636.034</b>
<b>Balance Sheet Short Position</b>	<b>(63.098.122)</b>	<b>(18.976.893)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(114.561.019)</b>	<b>(196.636.034)</b>
Off-Balance Sheet Long Position	-	1.098.007	-	-	-	-	1.098.007
Off-Balance Sheet Short Position	(34.431)	-	(74.986)	(139.258)	-	-	(248.675)
<b>Total Position</b>	<b>(63.132.553)</b>	<b>(17.878.886)</b>	<b>30.542.746</b>	<b>123.724.814</b>	<b>42.154.230</b>	<b>(114.561.019)</b>	<b>849.332</b>

<sup>(1)</sup> Balances without fixed maturity are shown in the “Up to 1 Month” and “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.

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**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</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>	-	2,00	-	13,00
Banks	1,13	1,90	-	22,73
Financial Assets Measured at Fair Value Through Profit or Loss	2,30	5,21	-	14,83
Money Market Placements	-	-	-	22,50
Financial Assets Measured at Fair Value Through Other Comprehensive Income	4,67	5,87	-	13,99
Loans Given <sup>(2)</sup>	5,22	7,37	5,24	16,24
Financial Assets Measured at Amortised Cost	-	7,39	-	17,73
<b>Liabilities</b>				
Interbank Deposits <sup>(3)</sup>	0,58	2,71	-	22,70
Other Deposits <sup>(4)</sup>	1,01	1,96	-	14,32
Money Market Borrowings	-	3,59	-	23,99
Sundry Creditors	-	-	-	-
Issued Marketable Securities <sup>(5)</sup>	5,08	4,76	1,50	19,69
Funds Provided from Other Financial Institutions	1,88	4,34	-	21,75

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

<sup>(2)</sup> Credit card loan balances are not included.

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

<sup>(4)</sup> Rates include also demand deposit data.

<sup>(5)</sup> Includes subordinated debt instruments.

	EUR	USD	JPY	TL
<b>Prior 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 <sup>(1)</sup>	-	2,00	-	13,00
Banks	0,71	4,33	-	23,35
Financial Assets Measured at Fair Value Through Profit or Loss	2,34	5,18	-	8,78
Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value Through Other Comprehensive Income	4,68	5,70	-	12,59
Loans Given <sup>(2)</sup>	4,95	7,28	4,85	15,54
Financial Assets Measured at Amortised Cost	6,63	7,32	-	17,06
<b>Liabilities</b>				
Interbank Deposits <sup>(3)</sup>	0,52	2,32	-	23,33
Other Deposits <sup>(4)</sup>	1,32	2,26	-	14,19
Money Market Borrowings	-	3,76	-	24,33
Sundry Creditors	-	-	-	-
Issued Marketable Securities	0,60	4,77	1,50	21,40
Funds Provided from Other Financial Institutions	1,22	3,94	-	21,13

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

<sup>(2)</sup> Credit card loans balances are not included.

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

<sup>(4)</sup> Rates include also demand deposit data.

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**SECTION FOUR (Continued)**

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

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

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

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

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 (*)	148.122	148.122	-

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

Investments in Equity Instruments - Prior Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	-	-	-
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	-	-	-
Traded on Stock Exchange	-	-	-
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other (*)	143.006	143.006	-

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

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

The investments in equity instruments, partaking in banking accounts according to the credit risk standard method, are amounted TL 148.122 and 100% of them are risk weighted (31 December 2018: are amounted TL 143.006 and 100% of them are risk weighted).

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

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

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

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**SECTION FOUR (Continued)**

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

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

**1. Liquidity Risk**

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

The Bank’s risk capacity, risk appetite, responsibilities and tasks of liquidity risk management and share issues of points related liquidity risk management with bank network are explained in “Regulations of Risk Management, Stress Test Program and ICAAP Regulations” of the Bank. In this context, liquidity risk strategies, policies implementations are published in periodically on weeks, months and years with all of the units with board directors in bank. Moreover, analyses done and reports are handled in the Assets-Liability Commission Conferences, Board of Director is informed by Audit Commission.

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

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

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

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

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

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

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

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

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

*Explanation regarding the usage of the stress test*

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

*General information on liquidity urgent and unexpected situation plan*

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

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

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

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

Within the framework of "Regulation on Calculation of Liquidity Covered Rate of Banks" published in the Official Gazette dated 21 March 2014 and numbered 28948 by the BRSA, the Bank calculates the liquidity cover rate and transmits unconsolidated on weekly and consolidated on monthly basis to the BRSA. Within the last 3 months the unconsolidated lowest ratios are as follows: Take place for FC as 221,49% in the week of 5 April 2019; and for the total 81,78% in the week of 5 April 2019. As for the highest ratios take place for FC as 478,51% in the week of 26 April 2019 and for the total as 123,70% in the week of 24 May 2019 (31 December 2018: Within the last 3 months the unconsolidated lowest ratios are as follows: Take place for FC as 95,72% in the week of 5 October 2018; and for the total 65,82% in the week of 5 October 2018. As for the highest ratios take place for FC as 127,68% in the week of 23 November 2018 and for the total as 88,10 % in the week of 21 December 2018).

	Total Unweighted Value (Average) <sup>(*)</sup>		Total Weighted Value (Average) <sup>(*)</sup>	
	TL+FC	FC	TL+FC	FC
<b>Current Period</b>				
<b>HIGH QUALITY LIQUID ASSETS</b>				
High Quality Liquid Assets			85.444.193	54.657.912
<b>CASH OUTFLOWS</b>				
Retail and Small Business Customers, of which;	257.031.005	128.028.831	22.105.842	12.802.883
Stable deposits	71.945.150	-	3.597.257	-
Less stable deposits	185.085.855	128.028.831	18.508.585	12.802.883
Unsecured wholesale funding, of which;	129.681.374	63.949.705	70.064.549	37.590.068
Operational deposit	8.227.070	274.403	2.056.768	68.601
Non-operational deposits	99.331.696	51.018.096	48.266.709	24.903.838
Other unsecured funding	22.122.608	12.657.206	19.741.072	12.617.629
Secured funding			-	-
Other cash outflows, of which;	63.987.460	7.678.415	7.623.019	2.693.389
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.154.874	501.067	2.154.874	501.067
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	61.832.586	7.177.348	5.468.145	2.192.322
Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	49.192.200	33.321.778	2.820.052	1.666.089
<b>TOTAL CASH OUTFLOWS</b>			<b>102.613.462</b>	<b>54.752.429</b>
<b>CASH INFLOWS</b>				
Secured lending	-	-	-	-
Unsecured lending	37.372.467	16.268.333	24.609.527	11.414.815
Other cash inflows	2.067.681	40.903.752	2.067.681	40.903.752
<b>Total Cash Inflows</b>	<b>39.440.148</b>	<b>57.172.085</b>	<b>26.677.208</b>	<b>52.318.567</b>
			<b>Upper Limit Applied Amounts</b>	
<b>TOTAL HQLA STOCK</b>			<b>85.444.193</b>	<b>54.657.912</b>
<b>TOTAL NET CASH OUTFLOWS</b>			<b>75.936.254</b>	<b>14.603.331</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>112,52</b>	<b>374,28</b>

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

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SECTION FOUR (Continued)

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

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

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</b>				
High Quality Liquid Assets			57.078.656	38.987.473
<b>Cash Outflows</b>				
Retail and Small Business Customers, of which;	225.635.890	103.736.351	19.102.361	10.373.635
Stable deposits	69.224.573	-	3.461.229	-
Less stable deposits	156.411.317	103.736.351	15.641.132	10.373.635
Unsecured wholesale funding, of which;	102.475.385	45.423.037	58.204.960	28.155.342
Operational deposit	5.481.100	249.200	1.370.275	62.300
Non-operational deposits	82.408.632	38.360.429	43.781.140	21.368.021
Other unsecured funding	14.585.653	6.813.408	13.053.545	6.725.021
Secured funding			-	-
Other cash outflows, of which;	53.499.462	15.562.688	13.603.789	10.923.340
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	9.100.850	8.770.246	9.100.850	8.770.246
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	44.398.612	6.792.442	4.502.939	2.153.094
Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	52.116.679	37.788.687	2.671.135	1.889.434
<b>Total Cash Outflows</b>			<b>93.582.245</b>	<b>51.341.751</b>
<b>Cash Inflows</b>				
Secured lending	-	-	-	-
Unsecured lending	30.268.536	13.125.293	18.717.764	9.093.084
Other cash inflows	1.414.804	7.199.952	1.414.804	7.199.952
<b>Total Cash Inflows</b>	<b>31.683.340</b>	<b>20.325.245</b>	<b>20.132.568</b>	<b>16.293.036</b>
			<b>Upper Limit Applied Amounts</b>	
<b>Total HQLA Stock</b>			<b>57.078.656</b>	<b>38.987.473</b>
<b>Total Net Cash Outflows</b>			<b>73.449.677</b>	<b>35.048.715</b>
<b>Liquidity Coverage Ratio (%)</b>			<b>77,71</b>	<b>111,24</b>

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

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

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

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

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

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 percentage of the total deposit in financial statement does not change and has an increasing sail.

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

Bonds and bills in the securities portfolio are being used in repo transaction 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.

***High quality liquid assets are comprised to which items***

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 Republic of Turkey and other bonds).

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

The major part of the resources of funds in Bank is comprised of deposits, the remaining is divided according to their share in the balance sheet as repo, 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***

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

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

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



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**SECTION FOUR (Continued)**

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

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

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (1) (2) (3)	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	21.642.932	32.259.650	-	-	-	-	-	53.902.582
Banks	2.453.118	1.217.831	32.958	-	-	-	-	3.703.907
Financial Assets at Fair Value Through Profit and Loss	-	2.408	189	6.038	382.888	6.464	6.884.916	7.282.903
Money Market Placements	-	52.337	-	-	-	-	-	52.337
Financial Assets at Fair Value Through Other Comprehensive Income	-	2.418.612	986.209	13.017.230	35.791.756	38.173.519	483.121	90.870.447
Loans Given	-	20.193.306	24.627.026	166.465.541	138.029.251	59.495.106	2.588.965	411.399.195
Investments Held-to-Maturity	-	327.373	84.295	1.736.233	12.416.080	3.644.123	-	18.208.104
Other Assets	3.176.181	682.127	757.607	1.011.709	100.612	9.688	19.202.841	24.940.765
<b>Total Assets</b>	<b>27.272.231</b>	<b>57.153.644</b>	<b>26.488.284</b>	<b>182.236.751</b>	<b>186.720.587</b>	<b>101.328.900</b>	<b>29.159.843</b>	<b>610.360.240</b>
<b>Liabilities</b>								
Interbank Deposits	3.079.983	21.619.739	6.750.607	552.592	-	-	-	32.002.921
Other Deposits	100.227.601	149.600.063	76.326.868	32.977.743	1.468.066	2.480	-	360.602.821
Funds Provided from Other Financial Institutions	-	3.686.695	2.864.645	15.116.615	11.558.226	3.712.012	-	36.938.193
Money Market Borrowings	-	55.775.912	3.155.535	5.500.795	665.499	-	-	65.097.741
Issued Marketable Securities <sup>(5)</sup>	-	5.306.145	545.302	181.534	19.250.398	-	-	25.283.379
Sundry Creditors	3.553.658	3.077.286	-	-	-	-	-	6.630.944
Other Liabilities	10.140.781	3.193.089	429.684	453.196	954.144	6.371.028	62.262.319	83.804.241
<b>Total Liabilities</b>	<b>117.002.023</b>	<b>242.258.929</b>	<b>90.072.641</b>	<b>54.782.475</b>	<b>33.896.333</b>	<b>10.085.520</b>	<b>62.262.319</b>	<b>610.360.240</b>
<b>Liquidity Gap</b>	<b>(89.729.792)</b>	<b>(185.105.285)</b>	<b>(63.584.357)</b>	<b>127.454.276</b>	<b>152.824.254</b>	<b>91.243.380</b>	<b>(33.102.476)</b>	<b>-</b>
Net Off-Balance Sheet Position	-	(1.073.419)	(97.870)	177.926	633.256	-	-	(360.107)
Financial Derivative Assets	-	81.913.682	14.566.318	3.273.970	1.590.576	-	-	101.344.546
Financial Derivative Liabilities	-	82.987.101	14.664.188	3.096.044	957.320	-	-	101.704.653
Non-cash Loans	44.418.025	4.646.424	8.220.023	37.062.726	23.510.175	5.833.206	-	123.690.579
<b>Prior Period</b>								
Total Assets	26.125.999	45.721.115	29.345.015	159.611.206	182.489.773	67.483.919	26.379.100	537.156.127
Total Liabilities	103.356.149	226.959.960	58.859.426	56.561.260	22.626.248	9.563.335	59.229.749	537.156.127
<b>Liquidity Gap</b>	<b>(77.230.150)</b>	<b>(181.238.845)</b>	<b>(29.514.411)</b>	<b>103.049.946</b>	<b>159.863.525</b>	<b>57.920.584</b>	<b>(32.850.649)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(296.539)</b>	<b>(910.708)</b>	<b>239.414</b>	<b>672.964</b>	<b>-</b>	<b>-</b>	<b>(294.869)</b>
Financial Derivative Assets	-	35.631.390	15.398.589	3.000.559	1.793.273	-	-	55.823.811
Financial Derivative Liabilities	-	35.927.929	16.309.297	2.761.145	1.120.309	-	-	56.118.680
Non-cash Loans	43.512.657	4.219.665	9.073.114	34.559.942	25.159.538	4.660.104	-	121.185.020

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

(2) Deferred tax asset is included under the “Undistributed” column.

(3) Non-performing loans net-off related provision for expected loss of stage 3 are presented in “undistributed” column.

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

(5) Includes subordinated debt instruments.

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**SECTION FOUR (Continued)**

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

**VI. EXPLANATIONS ON LEVERAGE**

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

The Bank’s leverage calculated by force of the regulation “Regulation on Measurement and Assessment of Leverage Ratios of Banks” is 8,27% (31 December 2018: 7,82%). 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 <sup>(*)</sup></b>	<b>Prior Period <sup>(*)</sup></b>
On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	605.988.456	534.876.356
(Assets deducted in determining Tier 1 capital)	(9.476.382)	(7.765.288)
<b>Total on-balance sheet risks (sum of lines 1 and 2)</b>	<b>596.512.074</b>	<b>527.111.068</b>
<b>Derivative financial instruments and credit derivatives</b>		
Replacement cost associated with all derivative financial instruments and credit Derivatives	2.931.042	2.232.071
Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	1.243.479	633.593
<b>Total risks of derivative financial instruments and credit derivatives</b>	<b>4.174.521</b>	<b>2.865.664</b>
<b>Securities or commodity financing transactions (SCFT)</b>		
Risks from SCFT assets	7.816.670	5.074.003
Risks from brokerage activities related exposures	-	-
<b>Total risks related with securities or commodity financing transactions</b>	<b>7.816.670</b>	<b>5.074.003</b>
<b>Other off-balance sheet transactions</b>		
Gross notional amounts of off-balance sheet transactions	184.951.478	168.298.955
(Adjustments for conversion to credit equivalent amounts)	-	-
<b>Total risks of off-balance sheet items</b>	<b>184.951.478</b>	<b>168.298.955</b>
<b>Capital and total risks</b>		
Tier 1 capital	65.614.995	55.001.423
<b>Total risks</b>	<b>793.454.743</b>	<b>703.349.690</b>
<b>Leverage ratio</b>		
Leverage ratio %	8,27	7,82

<sup>(\*)</sup> Three month average of the amounts in the table are taken.

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

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**SECTION FOUR (Continued)**

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

**VII. EXPLANATIONS ON RISK MANAGEMENT**

Notes and explanations prepared in accordance with “the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks” published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016 are presented in this section. As of 30 June 2019, the following notes to be presented on a quarterly and semi-annually basis according to Communiqué have not been presented due to usage of standard approach for the calculation of capital adequacy by the Bank.

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

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

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

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

*Overview of Risk Weighted Amounts*

		Risk Weighted Amount		Minimum capital Requirement
		Current Period	Prior Period	Current Period
1	Credit Risk (excluding counterparty credit risk)	398.869.551	361.242.979	31.909.564
2	Standardised approach	398.869.551	361.242.979	31.909.564
3	Internal rating-based approach		-	-
4	Counterparty credit risk	5.588.214	3.681.993	447.057
5	Standardised approach for counterparty credit risk	5.588.214	3.681.993	447.057
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	4.286.462	3.294.787	342.918
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	13.939.078	14.176.551	1.115.126
17	Standardised approach	13.939.078	14.176.551	1.115.126
18	Internal model approaches	-	-	-
19	Operational risk	35.291.329	29.418.691	2.823.306
20	Basic Indicator approach	35.291.329	29.418.691	2.823.306
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>457.974.634</b>	<b>411.815.001</b>	<b>36.637.971</b>

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SECTION FOUR (Continued)

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

VII. EXPLANATIONS ON RISK MANAGEMENT

1. Explanations of credit risk

*Credit Quality of Assets*

Current Period	Estimated gross amount in accordance with TAS in the Unconsolidated financial statements prepared according to legal consolidation		Provisions / Depreciation and impairment	Net Value
	Defaulted	Non-defaulted		
Credits	8.637.556	412.302.527	9.540.888	411.399.195
Debt instruments	-	124.994.760	6.141.334	118.853.426
Off-balance sheet receivables	313.052	180.123.430	508.965	179.927.517
<b>Total</b>	<b>8.950.608</b>	<b>717.420.717</b>	<b>16.191.187</b>	<b>710.180.138</b>

Prior Period	Estimated gross amount in accordance with TAS in the Unconsolidated financial statements prepared according to legal consolidation		Provisions / Depreciation and impairment	Net value
	Defaulted	Non-defaulted		
Credits	7.459.749	371.871.327	8.384.582	370.946.494
Debt instruments	-	103.634.009	6.223.847	97.410.162
Off-balance sheet receivables	279.906	166.767.433	448.141	166.599.198
<b>Total</b>	<b>7.739.655</b>	<b>642.272.769</b>	<b>15.056.570</b>	<b>634.955.854</b>

*Changes in default receivables and debt instruments inventory.*

	Current Period
1 The amount of defaulted loans and borrowing instruments at the end of the previous reporting period	7.459.749
2 Credits and borrowing instruments that defaulted since the last reporting period	2.162.898
3 Receivables that have not re-defaulted	8.645
4 Amounts write-off from assets	-
5 Other changes	(976.446)
<b>6 The amount of defaulted loans and borrowing instruments at the end of the reporting period (1 + 2-3-4 ± 5)</b>	<b>8.637.556</b>

	Prior Period
1 The amount of defaulted loans and borrowing instruments at the end of the previous reporting period	4.774.329
2 Credits and borrowing instruments that defaulted since the last reporting period	3.918.309
3 Receivables that have not re-defaulted	85.686
4 Amounts deleted actively	-
5 Other changes	(1.147.203)
<b>6 The amount of defaulted loans and borrowing instruments at the end of the reporting period (1 + 2-3-4 ± 5)</b>	<b>7.459.749</b>

*Credit risk mitigation techniques - Overview*

Current Period	Unsecured receivables: TAS probable valued amount	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Loans protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Credits	336.832.698	17.999.310	3.128.476	60.059.483	43.971.960	-	-
Debt instruments	116.363.911	-	-	-	-	-	-
<b>Total</b>	<b>453.196.609</b>	<b>17.999.310</b>	<b>3.128.476</b>	<b>60.059.483</b>	<b>43.971.960</b>	-	-
Defaulted	7.555.641	748	43	1.081.167	414.232	-	-

Prior Period	Unsecured receivables: TAS probable valued amount	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantee	Loans protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Credits	313.988.391	12.205.965	1.587.257	47.788.901	19.917.358	-	-
Debt instruments	95.373.786	-	-	-	-	-	-
<b>Total</b>	<b>409.362.177</b>	<b>12.205.965</b>	<b>1.587.257</b>	<b>47.788.901</b>	<b>19.917.358</b>	-	-
Defaulted	6.788.104	1.274	134	670.371	330.907	-	-

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SECTION FOUR (Continued)

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

VII. EXPLANATIONS ON RISK MANAGEMENT

2. Explanations of credit risk

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

Current Period	The credit conversion rate and the credit amount before the credit risk reduction		The credit conversion rate and the credit amount after the credit risk reduction		Risk weighted amount and risk weighted amount density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Risk classes	On-balance sheet amount	Off-balance sheet amount
Receivables from central government or central banks	138.068.717	760.400	180.614.933	2.746.658	27.654.107	15,1%
Receivables from regional or local governments	687.091	61.988	558.026	33.974	279.140	47,2%
Receivables from administrative units and non-commercial enterprises	150.233	700.053	854.569	330.737	1.133.135	95,6%
Multilateral development receivables from banks	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-
Receivables from banks and intermediary institutions	62.083.309	17.573.099	63.145.046	10.510.697	12.824.261	17,4%
Corporate receivables	194.062.378	105.019.628	169.511.530	59.181.877	224.282.459	98,1%
Retail receivables	146.940.567	47.549.130	128.424.478	4.645.167	98.785.009	74,2%
Receivables secured with real estate mortgage for residence	49.322.308	344.746	49.004.215	179.494	17.217.230	35,0%
Receivables secured by real estate mortgage	8.363.102	776.437	8.125.084	477.007	4.337.456	50,4%
Delayed receivables	2.355.012	-	1.940.824	-	1.271.040	65,5%
The risk is high determined receivables	3.513.514	360.441	3.367.526	149.933	5.251.591	149,3%
Mortgage-backed securities	-	-	-	-	-	-
Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-
Investments in the nature of collective investment enterprise	4.372.311	113.887	4.372.311	55.727	4.286.461	96,8%
Other receivables	21.540.470	-	21.540.470	-	11.274.215	52,3%
Equity investments	148.122	-	148.122	-	148.122	100,0%
<b>Total</b>	<b>631.607.134</b>	<b>173.259.809</b>	<b>631.607.134</b>	<b>78.311.271</b>	<b>408.744.226</b>	<b>57,6%</b>

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

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SECTION FOUR (Continued)

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

VII. EXPLANATIONS ON RISK MANAGEMENT

2. Explanations of credit risk

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

Prior Period	The credit conversion rate and the receivable amount before the credit risk reduction		The credit conversion rate and the receivable amount after the credit risk reduction		Risk weighted amount and risk weighted amount density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk weighted amount	Risk weighted amount density
Receivables from central government or central banks	103.382.072	755.048	140.351.903	2.508.107	20.164.873	14,1%
Receivables from regional or local governments	652.674	69.730	672.680	49.958	346.487	47,9%
Receivables from administrative units and non-commercial enterprises	252.278	726.398	875.633	300.059	1.101.096	93,7%
Multilateral development receivables from banks	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-
Receivables from banks and intermediary institutions	47.005.226	15.738.552	47.005.223	8.087.350	10.822.141	19,6%
Corporate receivables	175.719.811	104.533.979	153.986.632	57.470.710	207.127.806	98,0%
Retail receivables	129.695.090	36.438.867	114.564.343	3.715.750	87.948.545	74,3%
Receivables secured with real estate mortgage for residence	47.446.107	331.458	47.194.835	178.693	16.589.279	35,0%
Receivables secured by real estate mortgage	6.879.814	550.210	6.727.011	327.865	3.594.586	51,0%
Delayed receivables	1.874.559	-	1.543.667	-	1.130.264	-
The risk is high determined receivables	3.319.088	374.036	3.304.792	199.912	5.232.314	149,3%
Mortgage-backed securities	-	-	-	-	-	-
Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-
Investments in the nature of collective investment enterprise	3.314.849	133.558	3.314.849	66.061	3.294.788	97,5%
Other receivables	20.387.060	-	20.387.060	-	10.724.574	52,6%
Equity investments	143.006	-	143.006	-	143.006	100,0%
<b>Total</b>	<b>540.071.634</b>	<b>159.651.836</b>	<b>540.071.634</b>	<b>72.904.465</b>	<b>368.219.759</b>	<b>60,1%</b>

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

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SECTION FOUR (Continued)

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

VII. EXPLANATIONS ON RISK MANAGEMENT

2. Explanations of credit risk

*Receivables related with Risk Classes and Risk Weights*

Risk Classes/ Risk Weight Current Period	0%	10%	20%	35% secured by property mortgage	50% secured by property mortgage	50% (*)	75%	100%	150%	200%	Other	Total risk amount (post-CCF and CRM)
Exposures to sovereigns and their central banks	128.424.602	-	10.088	-	-	54.549.625	-	377.276	-	-	-	183.361.591
Exposures to regional and local government	35.804	-	35	-	-	554.056	-	2.105	-	-	-	592.000
Exposures to administrative bodies and non-commercial entities	52.023	-	184	-	-	-	-	1.133.099	-	-	-	1.185.306
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	39.708.506	-	14.455.260	-	-	16.223.127	-	1.792.111	-	-	1.476.739	73.655.743
Exposures to corporates	2.503.524	-	644.802	-	-	2.778.734	-	222.764.086	-	-	2.261	228.693.407
Retail exposures	913.039	-	604.414	-	-	70	131.552.122	-	-	-	-	133.069.645
Exposures secured by residential property	13.814	-	9.774	49.145.916	-	-	-	14.205	-	-	-	49.183.709
Exposures secured by commercial property	6.782	-	9.764	-	8.500.082	-	-	85.463	-	-	-	8.602.091
Past-due items	42	-	-	-	-	1.339.484	-	601.298	-	-	-	1.940.824
Exposures in high-risk categories	1.694	-	841	-	-	-	-	41.927	3.472.997	-	-	3.517.459
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	141.577	-	-	-	-	-	-	4.286.461	-	-	-	4.428.038
Equity share investments	-	-	-	-	-	-	-	148.122	-	-	-	148.122
Other exposures	10.266.252	-	6	-	-	-	-	11.274.212	-	-	-	21.540.470
<b>Total</b>	<b>182.067.659</b>	<b>-</b>	<b>15.735.168</b>	<b>49.145.916</b>	<b>8.500.082</b>	<b>75.445.096</b>	<b>131.552.122</b>	<b>242.520.365</b>	<b>3.472.997</b>	<b>-</b>	<b>1.479.000</b>	<b>709.918.405</b>

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

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

VII. EXPLANATIONS ON RISK MANAGEMENT

2. Explanations of credit risk

Receivables related with Risk Classes and Risk Weights(Continued)

Risk Classes/ Risk Weight Prior Period	0%	10%	20%	35% secured by property mortgage	50% secured by property mortgage	50% (*)	75%	100%	150%	200%	Other	Total risk amount (post-CCF and CRM)
Exposures to sovereigns and their central banks	102.798.235	-	9.399	-	-	39.778.765	-	273.611	-	-	-	142.860.010
Exposures to regional and local government	31.656	-	35	-	-	688.934	-	2.013	-	-	-	722.638
Exposures to administrative bodies and non-commercial entities	74.516	-	100	-	-	-	-	1.101.076	-	-	-	1.175.692
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	28.301.034	-	11.576.563	-	-	13.416.294	-	1.798.682	-	-	-	55.092.573
Exposures to corporates	2.605.173	-	405.916	-	-	2.799.262	-	205.646.991	-	-	-	211.457.342
Retail exposures	710.828	-	414.870	-	-	900	117.153.495	-	-	-	-	118.280.093
Exposures secured by residential property	8.215	-	5.108	47.341.458	-	-	-	18.747	-	-	-	47.373.528
Exposures secured by commercial property	2.609	-	3.086	-	6.910.422	-	-	138.759	-	-	-	7.054.876
Past-due items	134	-	-	-	-	826.539	-	716.994	-	-	-	1.543.667
Exposures in high-risk categories	449	-	2.387	-	-	-	-	41.928	3.459.940	-	-	3.504.704
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	86.122	-	-	-	-	-	-	3.294.788	-	-	-	3.380.910
Equity share investments	-	-	-	-	-	-	-	143.006	-	-	-	143.006
Other exposures	9.661.561	-	1.156	-	-	-	-	10.724.343	-	-	-	20.387.060
<b>Total</b>	<b>144.280.532</b>	<b>-</b>	<b>12.418.620</b>	<b>47.341.458</b>	<b>6.910.422</b>	<b>57.510.694</b>	<b>117.153.495</b>	<b>223.900.938</b>	<b>3.459.940</b>	<b>-</b>	<b>-</b>	<b>612.976.099</b>

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



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SECTION FOUR (Continued)

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

VII. EXPLANATIONS ON RISK MANAGEMENT

3. Counter Party Credit Risk

Evaluation of Counterparty Credit Risk in Accordance with the Measurement Methods

	Current Period	Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) (*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
	Valuation Method according to fair value - CCR (for derivatives)	1.869.277	1.219.908			3.089.185	1.364.330
1	Standardised approach - CCR (for derivatives)	-	-		1,4	-	-
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					30.509.990	3.072.411
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					3.177.306	1.070.238
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	<b>Total</b>						<b>5.506.979</b>

(\*) Effective Expected Positive Exposure

	Prior Period	Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) (*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
	Valuation Method according to fair value - CCR (for derivatives)	1.852.350	589.296			2.441.646	1.131.017
1	Standardised approach - CCR (for derivatives)	-	-		1,4	-	-
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					15.402.040	1.678.245
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					3.178.525	817.062
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	<b>Total</b>						<b>3.626.324</b>

(\*) Effective Expected Positive Exposure

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SECTION FOUR (Continued)

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

VII. EXPLANATIONS ON RISK MANAGEMENT

3. Counter Party Credit Risk

*Capital Requirement for Loan Valuation Adjustments*

Current Period		Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge		
1	(i) Value at Risk (VaR) component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardised CVA capital charge	3.089.185	51.656
4	<b>Total subject to the CVA capital charge</b>	<b>3.089.185</b>	<b>51.656</b>

Prior Period		Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardised CVA capital charge	2.441.646	55.669
4	<b>Total subject to the CVA capital charge</b>	<b>2.441.646</b>	<b>55.669</b>

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**SECTION FOUR (Continued)**

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

**VII. EXPLANATIONS ON RISK MANAGEMENT**

**4. Counter Party Credit Risk**

*Standardised approach - CCR exposures by risk class and risk weights*

<b>Current Period Risk Weight /Risk Classes</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Other</b>	<b>Total credit exposure<sup>(*)</sup></b>
Exposures to sovereigns and their central banks	2.513.729	-	-	341.630	-	-	-	-	2.855.359
Exposures to regional and local governments	12.818	-	-	82	-	-	-	-	12.900
Exposures to administrative bodies and non-commercial entities	4.069	-	-	-	-	28	-	-	4.097
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	37.357.188	-	9.192.792	6.193.709	-	-	-	1.476.739	54.220.428
Exposures to corporates	54.638	-	-	-	-	448.711	-	2.261	505.610
Retail exposures	82.792	-	-	-	3.840	-	-	-	86.632
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	141.577	-	-	-	-	747	-	-	142.324
Equity share investments	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets <sup>(**)</sup>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>40.166.811</b>	<b>-</b>	<b>9.192.792</b>	<b>6.535.421</b>	<b>3.840</b>	<b>449.486</b>	<b>-</b>	<b>1.479.000</b>	<b>57.827.350</b>

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

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

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

**VII. EXPLANATIONS ON RISK MANAGEMENT**

**3. Counter Party Credit Risk**

*Standardised approach - CCR exposures by risk class and risk weights (Continued)*

<b>Prior Period Risk Weight /Risk Classes</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Other</b>	<b>Total credit exposure<sup>(*)</sup></b>
Exposures to sovereigns and their central banks	40.050	-	-	5.242	-	-	-	-	45.292
Exposures to regional and local governments	5.017	-	-	-	-	-	-	-	5.017
Exposures to administrative bodies and non-commercial entities	1.812	-	-	-	-	-	-	-	1.812
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	26.262.022	-	6.439.678	4.117.087	-	17.931	-	-	36.836.718
Exposures to corporates	59.801	-	-	-	-	305.088	-	-	364.889
Retail exposures	4.395	-	-	-	5.149	-	-	-	9.544
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	86.122	-	-	-	-	6.012	-	-	92.134
Equity share investments	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets <sup>(**)</sup>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>26.459.219</b>	<b>-</b>	<b>6.439.678</b>	<b>4.122.329</b>	<b>5.149</b>	<b>329.031</b>	<b>-</b>	<b>-</b>	<b>37.355.406</b>

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

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

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

VII. EXPLANATIONS ON RISK MANAGEMENT

3. Counter Party Credit Risk

*Risk classes and counterparty credit risk explanations*

Current Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral received		Collateral received	Collateral given
	Segregated	Segregated	Segregated	Segregated		
Cash-domestic currency	-	-	-	-	22.156.395	-
Cash-foreign currency	-	-	-	-	22.155.036	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>44.311.431</b>	-

Prior Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral received		Collateral received	Collateral given
	Segregated	Segregated	Segregated	Segregated		
Cash-domestic currency	-	-	-	-	14.032.882	-
Cash-foreign currency	-	-	-	-	14.612.240	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>28.645.122</b>	-

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

**VII. EXPLANATIONS ON RISK MANAGEMENT**

**3. Counter Party Credit Risk**

*Credit Derivatives*

None (31 December 2018: None).

*Risks Related with Central Counterparty*

	Current Period	Exposure at default (post-CRM)	RWA
1	<b>Exposure to Qualified Central Counterparties (QCCPs) (total)</b>	<b>1.478.999</b>	<b>29.580</b>
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC Derivatives	-	-
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	650.633	13.013
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	-
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	828.366	16.567
10	Unfunded default fund contributions	-	-
11	<b>Exposures to non-QCCPs (total)</b>	-	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which )	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

	Prior Period	Exposure at default (post-CRM)	RWA
1	<b>Exposure to Qualified Central Counterparties (QCCPs) (total)</b>	<b>709.305</b>	<b>17.957</b>
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC Derivatives	-	-
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	462.693	9.254
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	-
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	246.612	8.703
10	Unfunded default fund contributions	-	-
11	<b>Exposures to non-QCCPs (total)</b>	-	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which )	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

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

**VII. EXPLANATIONS ON RISK MANAGEMENT**

**5. Explanations on Market Risk (Continued)**

*Standard approach*

<b>Current Period</b>		<b>RWA</b>
	Outright products	
1	Interest rate risk (general and specific)	10.307.342
2	Equity risk (general and specific)	669.998
3	Foreign exchange risk	2.961.738
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitisation	-
9	<b>Total</b>	<b>13.939.078</b>

<b>Prior Period</b>		<b>RWA</b>
	Outright products	
1	Interest rate risk (general and specific)	11.638.176
2	Equity risk (general and specific)	454.090
3	Foreign exchange risk	2.084.285
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitisation	-
9	<b>Total</b>	<b>14.176.551</b>

Notes and explanations prepared in accordance with “the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks” published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016 are presented in this section. As of 30 June 2018, the following notes to be presented on a quarterly and semi-annually basis according to Communiqué have not been presented due to usage of standard approach for the calculation of capital adequacy by the Bank.

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

Internal model approach for trading account

Comparison of RmD (Risk Value of Return) estimates with profit / loss

**SECTION FOUR (Continued)**

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

**VIII. EXPLANATIONS ON OPERATING SEGMENTS**

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

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

Known as having the most extensive branch network in retail banking sector, the 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 SME 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 vegetable and animal production, fishery products and agricultural mechanization directly to producers and The Central Union of Turkish Agricultural Credit Cooperatives. Besides, it gives support to entities and enterprises having operations in agricultural sector by acting as an intermediary for loans originated from public funds.

Treasury transactions and international banking activities are conducted by the Treasury Management and International Banking Executive Vice Presidency and, spot and forward TL, foreign currency, precious metal, securities, derivative transactions are executed in local and international organized and over the counter money and capital markets. Also the 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 of the EVP. 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 and relations with international investors 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 June 2019 explanations on segment reporting as shown on the following page are in line with Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.



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SECTION FOUR (Continued)

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

VIII. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

1. Table for Segment Reporting

Current Period	Retail Banking	Corporate/ SME banking	Specialized Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
<b>OPERATING INCOME/EXPENSE</b>						
<b>Interest Income</b>	<b>6.830.448</b>	<b>12.224.417</b>	<b>3.906.599</b>	<b>9.719.939</b>	<b>83.848</b>	<b>32.765.251</b>
Interest Income from Loans	6.830.448	12.224.417	3.906.599	2.695.159	-	25.656.623
Interest Income from Banks	-	-	-	196.886	-	196.886
Interest Income from Securities	-	-	-	6.532.191	-	6.532.191
Other Interest Income	-	-	-	295.703	83.848	379.551
<b>Interest Expense</b>	<b>9.438.660</b>	<b>3.861.446</b>	<b>-</b>	<b>8.289.246</b>	<b>196.754</b>	<b>21.786.106</b>
Interest Expense on Deposits	9.438.660	3.861.446	-	1.549.900	-	14.850.006
Interest Expense on Funds Borrowed	-	-	-	855.804	-	855.804
Interest Expense on Money Market Transactions	-	-	-	5.226.183	-	5.226.183
Interest Expense on Securities Issued	-	-	-	657.359	-	657.359
Other Interest Expense	-	-	-	-	196.754	196.754
<b>Net Interest Income/Expense</b>	<b>(2.608.212)</b>	<b>8.362.971</b>	<b>3.906.599</b>	<b>1.430.693</b>	<b>(112.906)</b>	<b>10.979.145</b>
<b>Net Fees and Commission Income/Expense</b>	<b>1.405.683</b>	<b>992.665</b>	<b>56.197</b>	<b>(817.177)</b>	<b>(24.645)</b>	<b>1.612.723</b>
Fees and Commissions Received	1.405.683	992.665	56.197	6.529	119.927	2.581.001
Fees and Commissions Paid	-	-	-	823.706	144.572	968.278
<b>Dividend Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.030.484</b>	<b>-</b>	<b>1.030.484</b>
<b>Trading Income/Loss (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4.494.783)</b>	<b>-</b>	<b>(4.494.783)</b>
<b>Other Operating Income</b>	<b>17.895</b>	<b>88.915</b>	<b>15.019</b>	<b>2.747</b>	<b>701.875</b>	<b>826.451</b>
<b>Provision for Expected Loss (-)</b>	<b>447.691</b>	<b>1.084.395</b>	<b>306.758</b>	<b>-</b>	<b>-</b>	<b>1.838.844</b>
<b>Other Provision Expenses(-)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>728</b>	<b>2.300</b>	<b>3.028</b>
<b>Other Operating Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.725.542</b>	<b>1.725.542</b>
<b>Personnel Expenses (-)</b>	<b>1.005.935</b>	<b>26.778</b>	<b>31.097</b>	<b>-</b>	<b>1.950.410</b>	<b>3.014.220</b>
<b>Income Before Tax</b>	<b>(2.638.260)</b>	<b>8.333.378</b>	<b>3.639.960</b>	<b>(2.848.764)</b>	<b>(3.113.928)</b>	<b>3.372.386</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>(556.785)</b>	<b>(556.785)</b>
<b>Net Profit/Loss</b>	<b>(2.638.260)</b>	<b>8.333.378</b>	<b>3.639.960</b>	<b>(2.848.764)</b>	<b>(3.670.713)</b>	<b>2.815.601</b>
<b>SEGMENT ASSETS</b>						
Financial Assets at FV Through P/L	-	-	-	7.282.903	-	7.282.903
Banks and Receivables from Money Market	-	-	-	3.756.244	-	3.756.244
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	90.870.447	-	90.870.447
Loans	101.421.837	222.291.497	69.269.808	18.416.053	-	411.399.195
Financial Assets Measured at Amortised Cost (Net)	-	-	-	18.208.104	-	18.208.104
Derivative Financial Assets	-	-	-	2.489.515	-	2,489,515
Associates, Subsidiaries and Joint Ventures	-	-	-	7,783,944	-	7,783,944
Other Assets	22.059	2,032,978	129,255	49,723,135	16,662,461	68,569,888
<b>TOTAL SEGMENT ASSETS</b>	<b>101.443.896</b>	<b>224.324.475</b>	<b>69.399.063</b>	<b>198.530.345</b>	<b>16.662.461</b>	<b>610.360.240</b>
<b>SEGMENT LIABILITIES</b>						
Deposits	292.177.355	58.251.324	-	32.002.921	10.174.142	392.605.742
Derivative Financial Liabilities Held for Trading	-	-	-	2,390,592	-	2,390,592
Funds Borrowed	-	-	-	36,938,193	-	36,938,193
Money Market Funds	2,457	21,818,857	-	43,276,427	-	65,097,741
Securities Issued (Net)	-	-	-	16,087,763	-	16,087,763
Provisions	-	508,965	-	-	2,443,082	2,952,047
Other Liabilities	-	-	-	-	33,920,988	33,920,988
Shareholders' Equity	-	-	-	-	60,367,174	60,367,174
<b>TOTAL SEGMENT LIABILITIES</b>	<b>292.179.812</b>	<b>80.579.146</b>	<b>-</b>	<b>130.695.896</b>	<b>106.905.386</b>	<b>610.360.240</b>

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**SECTION FOUR (Continued)**

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

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

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

Prior Period	Retail Banking	Corporate/ SME banking	Specialized Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
<b>OPERATING INCOME/EXPENSE</b>						
<b>Interest Income</b>	<b>5.264.443</b>	<b>7.353.128</b>	<b>3.241.449</b>	<b>5.507.510</b>	<b>40.629</b>	<b>21.407.159</b>
Interest Income from Loans	5.264.443	7.353.128	3.241.449	1.801.473	-	17.660.493
Interest Income from Banks	-	-	-	92.058	-	92.058
Interest Income from Securities	-	-	-	3.336.154	-	3.336.154
Other Interest Income	-	-	-	277.825	40.629	318.454
<b>Interest Expense</b>	<b>4.787.146</b>	<b>2.155.236</b>	<b>-</b>	<b>4.593.496</b>	<b>109.374</b>	<b>11.645.252</b>
Interest Expense on Deposits	4.787.146	2.155.236	-	608.112	-	7.550.494
Interest Expense on Funds Borrowed	-	-	-	555.590	-	555.590
Interest Expense on Money Market Transactions	-	-	-	2.926.969	-	2.926.969
Interest Expense on Securities Issued	-	-	-	502.825	-	502.825
Other Interest Expense	-	-	-	-	109.374	109.374
<b>Net Interest Income/Expense</b>	<b>477.297</b>	<b>5.197.892</b>	<b>3.241.449</b>	<b>914.014</b>	<b>(68.745)</b>	<b>9.761.907</b>
<b>Net Fees and Commission Income/Expense</b>	<b>811.770</b>	<b>618.589</b>	<b>50.076</b>	<b>(253.882)</b>	<b>47.920</b>	<b>1.274.473</b>
Fees and Commissions Received	811.770	618.589	50.076	6.483	91.031	1.577.949
Fees and Commissions Paid	-	-	-	260.365	43.111	303.476
<b>Personnel Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.438.332</b>	<b>1.438.332</b>
<b>Dividend Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>275.108</b>	<b>-</b>	<b>275.108</b>
<b>Trading Income/Loss (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1.662.470)</b>	<b>-</b>	<b>(1.662.470)</b>
<b>Other Operating Income</b>	<b>19.260</b>	<b>90.771</b>	<b>14.194</b>	<b>1.537</b>	<b>320.125</b>	<b>445.887</b>
<b>Provision for Expected Loss (-)</b>	<b>340.048</b>	<b>744.524</b>	<b>227.261</b>	<b>9.826</b>	<b>-</b>	<b>1.321.659</b>
<b>Other Operating Expense</b>	<b>819.814</b>	<b>21.224</b>	<b>26.665</b>	<b>-</b>	<b>1.435.107</b>	<b>2.302.810</b>
<b>Income Before Tax</b>	<b>148.465</b>	<b>5.141.504</b>	<b>3.051.793</b>	<b>(735.519)</b>	<b>(2.574.139)</b>	<b>5.032.104</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>(1.079.018)</b>	<b>(1.079.018)</b>
<b>Net Profit/Loss</b>	<b>148.465</b>	<b>5.141.504</b>	<b>3.051.793</b>	<b>(735.519)</b>	<b>(3.653.157)</b>	<b>3.953.086</b>
<b>SEGMENT ASSETS</b>						
Financial Assets at FV Through P/L	-	-	-	6.731.624	-	6.731.624
Banks and Other Financial Institutions	-	-	-	5.745.507	-	5.745.507
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	78.387.523	-	78.387.523
Loans	91.540.432	201.771.123	64.158.050	13.476.889	-	370.946.494
Financial Assets Measured at Amortised Cost (Net)	-	-	-	10.253.255	-	10.253.255
Derivative Financial Assets	-	-	-	2.036.376	-	2,036.376
Associates, Subsidiaries and Joint Ventures	-	-	-	7.603.313	-	7,603.313
Other Assets	17.591	1.103.924	100.315	36.953.627	17.276.578	55,452.035
<b>TOTAL SEGMENT ASSETS</b>	<b>91.558.023</b>	<b>202.875.047</b>	<b>64.258.365</b>	<b>161.188.114</b>	<b>17.276.578</b>	<b>537.156.127</b>
<b>SEGMENT LIABILITIES</b>						
Deposits	243.086.366	54.506.095	-	25.668.614	7.805.408	331,066.483
Derivative Financial Liabilities Held for Trading	-	-	-	1.643.492	-	1,643.492
Funds Borrowed	-	-	-	34.171.653	-	34,171.653
Money Market Funds	2.657	13.548.364	-	54.799.775	-	68,350.796
Securities Issued (Net)	-	-	-	15.430.468	-	15,430.468
Provisions	-	448.141	-	-	2.383.420	2,831.561
Other Liabilities	-	-	-	-	26.260.280	26,260.280
Shareholders' Equity	-	-	-	-	57.401.394	57,401.394
<b>TOTAL SEGMENT LIABILITIES</b>	<b>243.089.023</b>	<b>68.502.600</b>	<b>-</b>	<b>131.714.002</b>	<b>93.850.502</b>	<b>537.156.127</b>

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**SECTION FIVE**

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS**

**I. EXPLANATIONS AND NOTES RELATED TO ASSETS**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	2.270.535	1.903.586	2.075.790	1.429.963
Central Bank of the Republic of Turkey	3.687.518	46.035.617	2.747.581	34.206.046
Other	-	5.886	1.150	31.104
<b>Total</b>	<b>5.958.053</b>	<b>47.945.089</b>	<b>4.824.521</b>	<b>35.667.113</b>

**Information on Required Reserves**

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

As of the balance sheet date, the required reserves ratios for commercial banks operating in Turkey are as follows: for demand deposits, notice deposits and for deposits up to 1-month maturity, and for deposits up to 3-months maturity 7%; for deposits up to 6-months maturity 4%; for deposits up to 1-year maturity 2%; for deposits 1-year and longer maturity 1%; for TL liabilities other than deposits up to 1-year maturity 7%; for TL liabilities other than deposits between 1- and 3-years maturity 3,5%; for TL liabilities other than deposits more than 3-years maturity 1%; for FC deposit accounts, demand deposits, up to 1-month, up to 3-months, up to 6-months and up to 1-year maturities 15%; for FC deposit accounts with 1-year and longer maturity 11%, for FC liabilities other than deposits up to 1-year maturity 21%; for FC liabilities other than deposits up to 2-years maturity 16%; for FC liabilities other than deposits up to 3-years maturity 11%; for FC liabilities other than deposits up to 5-years maturity 7%; and for FC liabilities other than deposits more than 5-years maturity 5%.

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	3.473.202	13.984.312	2.424.088	12.546.367
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	763
Other <sup>(1)</sup>	214.316	32.051.305	323.493	21.658.916
<b>Total</b>	<b>3.687.518</b>	<b>46.035.617</b>	<b>2.747.581</b>	<b>34.206.046</b>

<sup>(1)</sup> Includes required reserves and CBRT restricted electronic money funds amounting to TL 5.412. Required reserve of branches abroad amounting to TL 182.709 is presented in this line. TL 8.776.679 of the current period’s FC required reserve is the part of the TL required reserves that are held in FC (31 December 2018: Includes required reserves and CBRT restricted electronic money funds amounting to TL 7.537. Required reserve of branches abroad amounting to TL 163.388 is presented in this line. TL 10.945.733 of the current period’s FC required reserve is the part of the TL 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	363.659	-
Assets Blocked/Given as Collateral	-	-
<b>Total</b>	<b>363.659</b>	<b>-</b>

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**SECTION FIVE (Continued)**

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

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

**3. Positive Differences Related to The Derivative Financial Assets Held-for-Trading**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	181.492	87.625	243.160	15.245
Swap Transactions	926.318	1.294.017	1.305.367	471.896
Futures Transactions	-	-	-	-
Options	26	37	-	708
Other	-	-	-	-
<b>Total</b>	<b>1.107.836</b>	<b>1.381.679</b>	<b>1.548.527</b>	<b>487.849</b>

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

**4.1. Information on Bank Balances**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	791.984	890	686.231	2.278
Foreign Banks	112.009	2.801.221	178.850	4.878.852
Foreign Head Office and Branches	-	-	-	-
<b>Total</b>	<b>903.993</b>	<b>2.802.111</b>	<b>865.081</b>	<b>4.881.130</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	43.622.130	28.169.653
Assets Blocked/Given as Collateral	27.953.967	45.687.419
<b>Total</b>	<b>71.576.097</b>	<b>73.857.072</b>

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

	Current Period	Prior Period
Debt Securities	96.459.238	84.213.066
Quoted in Stock Exchange	96.328.325	84.028.546
Not Quoted in Stock Exchange	130.913	184.520
Share Certificates	509.956	395.377
Quoted in Stock Exchange	335.074	227.170
Not Quoted in Stock Exchange	174.882	168.207
Provision for Impairment (-)	6.098.747	6.220.920
<b>Total</b>	<b>90.870.447</b>	<b>78.387.523</b>

**7. Information Related to Loans**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Direct Loans Granted to Shareholders</b>	-	-	-	-
Legal Entities	-	-	-	-
Individuals	-	-	-	-
<b>Indirect Loans Granted to Shareholders</b>	-	-	-	-
<b>Loans Granted to Employees</b> <sup>(1) (2)</sup>	443.497	-	365.688	-
<b>Total</b>	<b>443.497</b>	<b>-</b>	<b>365.688</b>	<b>-</b>

(1) Interest rediscount and interest accrual amounting TL 5.121, are not included in the table above (31 December 2018: Interest rediscount and interest accrual amounting TL 4.243, are not included in the table above).

(2) Since the balance of overdraft accounts related to employees amounting TL 15.333, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above. (31 December:2018: Since the balance of overdraft accounts related to employees amounting TL 22.068, is showed under Table 7.4. as overdraft accounts (real person), it is not included to the table above.)

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**SECTION FIVE (Continued)**

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

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

**7. Information Related to Loans**

**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	
Cash Loans				Loans with revised contract terms
Non-Specialized Loans	318.161.237	13.280.855	4.074.324	-
Commercial Loans	204.168.635	4.787.495	3.935.899	-
Export Loans	5.608.760	142.295	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	6.060.633	6.605.290	-	-
Consumer Loans	92.508.255	1.539.669	137.976	-
Credit Cards	8.643.475	198.672	449	-
Other	1.171.479	7.434	-	-
Specialized Lending <sup>(1)(2)</sup>	62.871.398	1.693.881	609.375	-
Other Receivables	-	-	-	-
Interest Income Accruals <sup>(2)</sup>	9.108.055	2.209.567	293.835	-
<b>Total</b>	<b>390.140.690</b>	<b>17.184.303</b>	<b>4.977.534</b>	<b>-</b>

<sup>(1)</sup> Agricultural loans of funds originated are shown in specialized lendings.

<sup>(2)</sup> Farmer support agricultural loans are shown in specialized lendings.

Prior Period	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled	
Cash Loans				Loans with revised contract terms
Non-Specialized Loans	287.524.006	12.257.515	2.023.033	-
Commercial Loans	188.591.255	4.728.644	1.950.717	-
Export Loans	5.709.535	27.105	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	1.688.751	6.052.521	-	-
Consumer Loans	84.626.693	1.297.885	71.882	-
Credit Cards	5.805.745	134.811	434	-
Other	1.102.027	16.549	-	-
Specialized Lending <sup>(1)(2)</sup>	58.636.554	1.518.720	534.642	-
Other Receivables	-	-	-	-
Interest Income Accruals <sup>(2)</sup>	7.502.910	1.760.999	112.948	-
<b>Total</b>	<b>353.663.470</b>	<b>15.537.234</b>	<b>2.670.623</b>	<b>-</b>

<sup>(1)</sup> Agricultural loans of funds originated are shown in specialized lendings.

<sup>(2)</sup> Farmer support agricultural loans are shown in specialized lendings.

	Current Period		Prior Period	
	Standard Qualified Loans	Loans Under Close Monitoring	Standard Qualified Loans	Loans Under Close Monitoring
Expected Provision Loss for 12 months	925.432	-	855.496	-
Significant Increase in Credit Risk	-	2.566.865	-	2.181.267

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

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

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

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

<b>Current Period</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Consumer Loans-TL</b>	<b>1.096.211</b>	<b>91.170.798</b>	<b>92.267.009</b>
Real Estate Loans <sup>(2)</sup>	15.687	53.278.597	53.294.284
Vehicle Loans	7.679	262.585	270.264
Consumer Loans <sup>(2)</sup>	1.072.845	37.629.616	38.702.461
Other	-	-	-
<b>Consumer Loans- Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>1.028</b>	<b>44.750</b>	<b>45.778</b>
Real Estate Loans	-	7.106	7.106
Vehicle Loans	-	-	-
Consumer Loans	1.028	37.644	38.672
Other	-	-	-
<b>Retail Credit Cards-TL</b>	<b>5.996.298</b>	<b>187.216</b>	<b>6.183.514</b>
With Installment	1.947.251	182.075	2.129.326
Without Installment	4.049.047	5.141	4.054.188
<b>Retail Credit Cards-FC</b>	<b>558</b>	<b>-</b>	<b>558</b>
With Installment	-	-	-
Without Installment	558	-	558
<b>Personnel Loans-TL</b>	<b>17.446</b>	<b>291.060</b>	<b>308.506</b>
Real Estate Loans	-	2.842	2.842
Vehicle Loans	-	-	-
Consumer Loans	17.446	288.218	305.664
Other	-	-	-
<b>Personnel Loans-Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>128.309</b>	<b>6.640</b>	<b>134.949</b>
With Installment	56.323	6.540	62.863
Without Installment	71.986	100	72.086
<b>Personnel Credit Cards-FC</b>	<b>42</b>	<b>-</b>	<b>42</b>
With Installment	-	-	-
Without Installment	42	-	42
<b>Overdraft Accounts-TL (Real Person)</b>	<b>1.564.607</b>	<b>-</b>	<b>1.564.607</b>
<b>Overdraft Accounts-FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total <sup>(1)</sup></b>	<b>8.804.499</b>	<b>91.700.464</b>	<b>100.504.963</b>

<sup>(1)</sup> TL 781.644 of interest income accrual is not included in the table above.

<sup>(2)</sup> Consumer loans originated from funds amounting to TL 3.881.727 of are included in the table above.

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

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

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

<b>Prior Period</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Consumer Loans-TL</b>	<b>780.170</b>	<b>83.379.437</b>	<b>84.159.607</b>
Real Estate Loans <sup>(2)</sup>	12.233	51.727.328	51.739.561
Vehicle Loans	4.054	180.446	184.500
Consumer Loans <sup>(2)</sup>	763.883	31.471.663	32.235.546
Other	-	-	-
<b>Consumer Loans- Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>1.170</b>	<b>42.151</b>	<b>43.321</b>
Real Estate Loans	-	7.064	7.064
Vehicle Loans	-	-	-
Consumer Loans	1.170	35.087	36.257
Other	-	-	-
<b>Retail Credit Cards-TL</b>	<b>4.517.288</b>	<b>118.447</b>	<b>4.635.735</b>
With Installment	1.300.562	114.935	1.415.497
Without Installment	3.216.726	3.512	3.220.238
<b>Retail Credit Cards-FC</b>	<b>504</b>	<b>-</b>	<b>504</b>
With Installment	-	-	-
Without Installment	504	-	504
<b>Personnel Loans-TL</b>	<b>10.872</b>	<b>231.950</b>	<b>242.822</b>
Real Estate Loans	-	2.260	2.260
Vehicle Loans	-	-	-
Consumer Loans	10.872	229.690	240.562
Other	-	-	-
<b>Personnel Loans-Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>120.677</b>	<b>2.141</b>	<b>122.818</b>
With Installment	39.914	2.048	41.962
Without Installment	80.763	93	80.856
<b>Personnel Credit Cards-FC</b>	<b>48</b>	<b>-</b>	<b>48</b>
With Installment	-	-	-
Without Installment	48	-	48
<b>Overdraft Accounts-TL (Real Person)</b>	<b>1.550.710</b>	<b>-</b>	<b>1.550.710</b>
<b>Overdraft Accounts-FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total <sup>(1)</sup></b>	<b>6.981.439</b>	<b>83.774.126</b>	<b>90.755.565</b>

<sup>(1)</sup> TL 646.478 of interest income accrual is not included in the table above.

<sup>(2)</sup> Consumer loans originated from funds amounting to TL 3.839.218 of are included in the table above.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Information Related to Loans (Continued)

7.4. Information on Commercial Installment Loans and Corporate Credit Cards

Current Period	Short-Term	Medium and Long-Term	Total
<b>Installment Based Commercial Loans-TL</b>	<b>1.512.673</b>	<b>37.277.640</b>	<b>38.790.313</b>
Business Loans	267	402.984	403.251
Vehicle Loans	61.602	788.574	850.176
Consumer Loans	1.450.804	36.086.082	37.536.886
Other	-	-	-
<b>Installment Based Commercial Loans- Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Installment Based Commercial Loans - FC</b>	<b>60.366</b>	<b>33.282.189</b>	<b>33.342.555</b>
Business Loans	-	6.135	6.135
Vehicle Loans	-	-	-
Consumer Loans	60.366	33.276.054	33.336.420
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>2.506.512</b>	<b>16.506</b>	<b>2.523.018</b>
With Installment	802.558	15.224	817.782
Without Installment	1.703.954	1.282	1.705.236
<b>Corporate Credit Cards-FC</b>	<b>515</b>	<b>-</b>	<b>515</b>
With Installment	-	-	-
Without Installment	515	-	515
<b>Overdraft Account-TL (Legal Entity)</b>	<b>783.114</b>	<b>-</b>	<b>783.114</b>
<b>Overdraft Account-FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total <sup>(1)</sup></b>	<b>4.863.180</b>	<b>70.576.335</b>	<b>75.439.515</b>

<sup>(1)</sup> Accruals and rediscount amounts are not included in the table above.

Prior Period	Short-Term	Medium and Long-Term	Total
<b>Installment Based Commercial Loans-TL</b>	<b>1.599.002</b>	<b>32.072.687</b>	<b>33.671.689</b>
Business Loans	586	434.733	435.319
Vehicle Loans	46.303	785.233	831.536
Consumer Loans	1.552.113	30.852.721	32.404.834
Other	-	-	-
<b>Installment Based Commercial Loans- Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Installment Based Commercial Loans - FC</b>	<b>160.509</b>	<b>28.492.473</b>	<b>28.652.982</b>
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	160.509	28.492.473	28.652.982
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>1.167.050</b>	<b>14.704</b>	<b>1.181.754</b>
With Installment	353.950	14.640	368.590
Without Installment	813.100	64	813.164
<b>Corporate Credit Cards-FC</b>	<b>131</b>	<b>-</b>	<b>131</b>
With Installment	-	-	-
Without Installment	131	-	131
<b>Overdraft Account-TL (Legal Entity)</b>	<b>663.279</b>	<b>-</b>	<b>663.279</b>
<b>Overdraft Account-FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total <sup>(1)</sup></b>	<b>3.589.971</b>	<b>60.579.864</b>	<b>64.169.835</b>

<sup>(1)</sup> Accruals and rediscount amounts are not included in the table above.



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

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

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

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

	Current Period	Priod Period
Domestic Loans	391.238.242	353.958.673
Foreign Loans	9.452.828	8.535.797
Interest Income Accruals of Loans	11.611.457	9.376.857
<b>Total</b>	<b>412.302.527</b>	<b>371.871.327</b>

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

	Current Period	Priod Period
Direct loans granted to subsidiaries and associates	2.342.073	2.535.527
Indirect loans granted to subsidiaries and associates	-	-
<b>Total</b>	<b>2.342.073</b>	<b>2.535.527</b>

**7.7. Provisions provided against loans (Stage Three)**

	Current Period	Priod Period
Loans and other receivables with limited collectability	203.474	388.478
Loans and other receivables with doubtful collectability	932.144	688.923
Uncollectible loans and other receivables	4.912.973	4.270.418
<b>Total</b>	<b>6.048.591</b>	<b>5.347.819</b>

**7.8. Information On Non-Performing Receivables (Net)**

**7.8.1. Information on Loans and Other Receivables Included In Non-Performing Receivables which are Restructured or Rescheduled**

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
<b>Current Period</b>			
Gross amounts before the provisions	31.247	149.093	225.964
Restructured loans and other receivables	31.247	149.093	225.964
<b>Period Period</b>			
Gross amounts before the provisions	27.918	77.194	150.427
Restructured loans and other receivables	27.918	77.194	150.427

**7.8.2. Information on the Movement of Non-Performing Receivables**

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
<b>Prior Period Ending Balance</b>	<b>1.146.829</b>	<b>1.313.386</b>	<b>4.999.534</b>
Additions (+)	1.323.631	511.788	327.479
Transfers from Other Categories of Loans under Follow-Up (+)	-	1.603.670	1.046.324
Transfers to Other Categories of Loans under Follow-Up (-)	1.603.670	1.046.324	-
Collections (-) <sup>(1)</sup>	170.069	354.497	356.304
Sold	75.327	4.709	24.185
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Current Period End Balance</b>	<b>621.394</b>	<b>2.023.314</b>	<b>5.992.848</b>
Provision (-)	203.474	932.144	4.912.973
<b>Net Balance on Balance Sheet</b>	<b>417.920</b>	<b>1.091.170</b>	<b>1.079.875</b>

<sup>(1)</sup> The restructured and rescheduled loans, are included on the stated sum.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Information Related to Loans (Continued)

7.8. Information On Non-Performing Receivables (Net) (Continued)

7.8.3. Information on Foreign Currency Non-Performing Loans

	Group III Loans and other receivables with limited collectability	Group IV Loans and other receivables with doubtful collectability	Group V Uncollectible loans and other receivables
<b>Current Period:</b>			
<b>Period Ending Balance</b>	<b>1.509</b>	<b>638</b>	<b>27.551</b>
Expected Loss Provision (-)	638	177	26.003
<b>Net Balance on Balance Sheet</b>	<b>871</b>	<b>461</b>	<b>1.548</b>
<b>Prior Period:</b>			
<b>Period Ending Balance</b>	<b>1.923</b>	<b>1.124</b>	<b>24.746</b>
Expected Loss Provision (-)	809	604	23.223
<b>Net Balance on Balance Sheet</b>	<b>1.114</b>	<b>520</b>	<b>1.523</b>

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

	Group III Loans and other receivables with limited collectability	Group IV Loans and other receivables with doubtful collectability	Group V Uncollectible loans and other receivables
<b>Current Period (Net)</b>	<b>417.920</b>	<b>1.091.170</b>	<b>1.079.875</b>
Loans to Real Persons and Legal Entities (Gross)	621.394	2.023.314	5.848.233
Provisions (-)	203.474	932.144	4.768.358
Loans to Real Persons and Legal Entities (Net)	417.920	1.091.170	1.079.875
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	144.615
Provisions (-)	-	-	144.615
Other Loans and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>758.351</b>	<b>624.463</b>	<b>729.116</b>
Loans to Real Persons and Legal Entities (Gross)	1.146.829	1.313.386	4.864.328
Provisions (-)	388.478	688.923	4.135.212
Loans to Real Persons and Legal Entities (Net)	758.351	624.463	729.116
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	135.206
Provisions (-)	-	-	135.206
Other Loans and Receivables (Net)	-	-	-

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

	Group III Loans and other receivables with limited collectability	Group IV Loans and other receivables with doubtful collectability	Group V Uncollectible loans and other receivables
<b>Current Period (Net)</b>	<b>26.841</b>	<b>54.684</b>	<b>18.645</b>
Interest Accruals and Valuation Differences	53.253	123.698	68.487
Provisions (-)	26.412	69.014	49.842
<b>Current Period (Net)</b>	<b>65.936</b>	<b>27.893</b>	<b>8.290</b>
Interest Accruals and Valuation Differences	108.834	55.936	25.067
Provisions (-)	42.898	28.043	16.777

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

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

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

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

*Financial Assets Measured at Amortised Cost subject to repo transactions*

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	2.669.020	2.566.048	177.923	1.819.056
Treasury Bills	-	-	-	-
Other Public Sector Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>2.669.020</b>	<b>2.566.048</b>	<b>177.923</b>	<b>1.819.056</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	50.535	10.029.184	3.790.424	3.019.229
Other	-	-	-	-
<b>Total</b>	<b>50.535</b>	<b>10.029.184</b>	<b>3.790.424</b>	<b>3.019.229</b>

**8.2. Government Bonds and Treasury Bills Measured at Amortised Cost**

	Current Period	Prior Period
Government Bonds	17.941.229	10.056.544
Treasury Bills	-	-
Other Public Sector Debt Securities	109.399	-
<b>Total</b>	<b>18.050.628</b>	<b>10.056.544</b>

**8.3 Information on Investments Measured at Amortised Cost**

	Current Period	Prior Period
Debt securities	18.210.561	10.254.639
Listed in a Stock Exchange	18.050.628	10.056.544
Not Listed in a Stock Exchange	159.933	198.095
Provision for Impairment (-)	-	-
<b>Total</b>	<b>18.210.561</b>	<b>10.254.639</b>

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

8. Information on Financial Assets Measured at Amortised Cost (Continued)

8.4 Movements of Investments Measured at Amortised Cost

	Current Period	Prior Period
<b>Beginning Balance</b>	<b>10.254.639</b>	<b>7.595.887</b>
Foreign Currency Differences on Monetary Assets	291.336	1.764.370
Purchases During the Year <sup>(*)</sup>	9.459.129	3.501.862
Disposals through Sales and Redemptions	(1.794.543)	(2.607.480)
Provision for Impairment (-)	-	-
<b>Period End Balance</b>	<b>18.210.561</b>	<b>10.254.639</b>

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

9. Information about Associates Accounts (Net)

9.1. Information about Associates

	Description	Address (City/ Country)	The Bank’s Share Percentage, if Different, Voting Percentage (%)	The Bank’s Risk Group Share Percentage (%)
1	Bankalararası Kart Merkezi A.Ş.	Istanbul/Turkey	12,50	17,98
2	Kredi Kayıt Bürosu A.Ş.	Istanbul/ Turkey	10,00	9,09
3	Arap Türk Bankası A.Ş.	Istanbul/Turkey	22,20	15,43

	Total Assets <sup>(2)</sup>	Shareholder s’ 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	120.607	86.332	59.382	2.649	-	21.367	8.630	-
2	286.943	178.113	193.762	7.642	-	14.616	23.681	-
3	4.583.072	976.613	121.117	147.726	32.567	109.529	28.777	-

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

(2) Current period information of associates has been provided from limited reviewed financial statements as of 30 June 2019. Prior period profit/loss information of associates has been provided from audited financial statements as of 30 June 2018.

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

9.2. Information about Associates (Net)

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

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

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

**9. Information about Associates Accounts (Net) (Continued)**

**9.3. Sectoral Information and Related Amounts of Associates**

	Current Period	Prior Period
Banks	88.846	88.846
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	-	-

**9.4. Associates Quoted to a Stock Exchange**

None (31 December 2018: None).

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

**10.1. Information on Subsidiaries**

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

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

<sup>(1)</sup> According to decision of Banking Regulation and Supervision Agency dated 18 January 2019, numbered 8210 and decision of Board of Directors of Ziraat Katılım Bankası A.Ş. dated 18 October 2018, numbered 34/19; Ziraat Finansal Kiralama A.Ş. with its all assets and liabilities are dissolved without liquidation and transferred to Ziraat Katılım Bankası A.Ş. at balance sheet value on transfer date and merged under the roof of Ziraat Katılım Bankası A.Ş. Merge is registered by İstanbul Registry of Commerce at 1 March 2019.

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**SECTION FIVE (Continued)**

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

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

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

	Total Assets	Shareholders' Equity	Total Non-Current Assets	Interest Income <sup>(3)</sup>	Income from Marketable Securities <sup>(2)</sup>	Current Period Profit / Loss	Prior Period Profit /Loss	Fair Value <sup>(1)</sup>	Shareholders equity amount needed
1	9.239.000	769.500	1.916	271.317	-	381.794	223.112	-	-
2	1.814.510	509.635	4.796	144.782	-	165.387	131.441	-	-
3	215.872	127.344	544	-	7.571.000	36.918	32.440	-	-
4	82.627	75.160	31.624	5.933	23.992	15.001	9.401	-	-
5	24.957.680	2.667.407	226.122	750.861	41.452	104.261	68.742	-	-
6	2.119.205	1.701.670	1.681.987	-	-	17.497	25.479	-	-
7	826.303	824.846	1.517	-	-	73.528	-	-	-
8	60.824	11.351	4.191	1.193	-	(2.715)	1.139	-	-
9	8.602.444	1.579.770	22.274	154.886	1.654	50.791	44.440	1.471.676	-
10	3.300.012	576.829	133.002	56.356	279	4.150	839	662.857	-
11	796.500	264.343	12.068	30.982	203	13.761	9.551	209.829	-
12	980.568	424.597	24.548	39.571	-	14.844	21.837	382.795	-
13	649.418	225.219	59.079	30.007	341	6.092	3.061	202.831	-
14	519.748	91.042	3.764	9.815	631	381	(1.637)	83.848	-
15	265.519	108.306	9.050	4.712	1.922	4.088	2.204	112.626	-
16	418.735	167.359	8.170	20.756	232	22.296	6.513	166.462	-

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

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

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

<sup>(4)</sup> Information on Ziraat Katılım Bankası A.Ş. has been provided from audited financial statements as of 31 March 2019, the prior period profit/loss balances have been provided from limited reviewed financial statements as of 31 March 2018. Information on other subsidiaries shown in the table above has been provided from limited reviewed financial statements as of 30 June 2019, the prior period profit/loss balances have been provided from audited financial statements as of 30 June 2018.

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>7.394.408</b>	<b>5.138.250</b>
<b>Movements During the Period</b>	<b>177.754</b>	<b>2.256.158</b>
Additions to Scope of Consolidation	-	-
Purchases <sup>(1)</sup>	-	1.521.015
Bonus Shares Obtained	2.028	-
Dividends from current year income	-	-
Sales	-	-
Revaluation Increase <sup>(2)</sup>	175.726	807.408
Impairment Provision (-)	-	72.265
<b>Balance at the End of the Period</b>	<b>7.572.162</b>	<b>7.394.408</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 and Related Amounts of Subsidiaries**

	Current Period	Prior Period
Banks	5.325.765	4.865.172
Insurance Companies	129.972	129.972
Factoring Companies	-	-
Leasing Companies	-	282.839
Financing Companies	-	-
Other Financial Subsidiaries	2.116.425	2.116.425

**10.3. Subsidiaries which are Quoted on a Stock Exchange**

None (31 December 2018: None).

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**SECTION FIVE (Continued)**

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

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

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

Entities under Common Control (Joint Ventures) <sup>(1)</sup>	Parent Bank’s Share (%)	Group’s Share	Current Assets	Non- Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	50,00	50,00	5.280.935	14.792	16.098	47.215	22.164

<sup>(1)</sup> Information on entity under joint control is provided from the unaudited financial statements as of 30 June 2019.

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

**12. Information on Finance Lease Receivables (Net)**

The Bank has no finance lease receivables

**13. Information on Derivative Financial Assets for Hedging Purposes**

The Bank has no derivative financial assets for hedging purposes

**14. Information on Investment Property**

None

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

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

The Bank’s immovables acquired amount to TL 2.184.292 consisting of TL 22.059 due to consumer loans, TL 2.032.978 on its commercial loans and TL 129.255 on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL 3.752. (31 December 2018: The Bank’s immovables acquired amount to TL 1.221.830 consisting of TL 17.591 due to consumer loans, TL 1.103.924 on its commercial loans and TL 100.315 on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL 3.559.)

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

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

**16. Explanations on Tangible Assets**

	Immovables	Tangibles- Financial Leasing	Vehicles	Intangibles- Financial Leasing	Operational Leasing Development Costs	Other Tangibles	Total
<b>Prior Period End</b>							
Cost	5.599.795	-	1.133.573	14.928	255.187	-	7.003.483
Accumulated Depreciation (-)	1.012.511	-	721.194	6.218	215.553	-	1.955.476
Impairment (-)	2.805	-	-	-	-	-	2.805
<b>Net Book Value</b>	<b>4.584.479</b>	<b>-</b>	<b>412.379</b>	<b>8.710</b>	<b>39.634</b>	<b>-</b>	<b>5.045.202</b>
<b>Current Period End</b>							
Net Book Value at the Beginning of the Period	4.584.479	-	412.379	8.710	39.634	-	5.045.202
Change During the Period (Net)	(70.017)	560.536	3.088	102.898	(10.271)	-	586.234
- Cost	(59.757)	612.744	77.005	120.432	762	-	751.186
- Depreciation – net (-)	10.260	52.208	73.917	17.534	11.033	-	164.952
- Impairment (-)	-	-	-	-	-	-	-
Net Currency Translation from Foreign Subsidiaries	-	-	-	-	-	-	-
Cost at Period End	5.540.038	612.744	1.210.578	135.360	255.949	-	7.754.669
Accumulated Depreciation at Period End (-)	1.022.771	52.208	795.111	23.752	226.586	-	2.120.428
Impairment (-)	2.805	-	-	-	-	-	2.805
<b>Closing Net Book Value</b>	<b>4.514.462</b>	<b>560.536</b>	<b>415.467</b>	<b>111.608</b>	<b>29.363</b>	<b>-</b>	<b>5.631.436</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 fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets:**

None.

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

	Current Period	Prior Period
Cash and Balances at Central Bank	560	422
Banks and Receivables from Money Markets	2.197	704
Financial Assets Measured at Amortized Cost	2.457	1.384
Other	36.144	39.874
<b>Total</b>	<b>41.358</b>	<b>42.384</b>

**20. Information on Other Assets**

As of 30 June 2019, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.



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**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES 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 Deposits**

<b>Current Period</b>	<b>Demand</b>	<b>7 Day Call Accounts</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6 Months-1 Year</b>	<b>1 Year and Over</b>	<b>Cumulative Deposits</b>	<b>Total</b>
Saving Deposits	28.844.541	-	2.875.832	65.134.635	18.421.139	2.701.938	6.985.648	203.808	125.167.541
Foreign Currency Deposits	45.214.624	-	13.878.660	61.868.746	11.067.363	8.411.930	26.562.352	6.139	167.009.814
Residents in Turkey	37.788.212	-	12.917.286	51.802.620	6.682.083	4.269.232	8.356.244	4.647	121.820.324
Residents Abroad	7.426.412	-	961.374	10.066.126	4.385.280	4.142.698	18.206.108	1.492	45.189.490
Public Sector Deposits	8.540.913	-	2.827.759	4.916.406	862.294	1.729.707	4.927	-	18.882.006
Commercial Inst. Deposits	7.344.122	-	7.225.737	10.772.512	706.592	1.942.639	102.980	-	28.094.582
Other Inst. Deposits	1.821.678	-	1.154.563	3.184.154	3.491.298	1.060.741	562.302	-	11.274.736
Precious Metals	8.461.723	-	85.445	1.334.056	144.534	64.335	84.049	-	10.174.142
Interbank Deposits	3.079.983	-	15.789.064	7.343.731	5.165.468	25.359	599.316	-	32.002.921
CBRT	744	-	-	-	-	-	-	-	744
Domestic Banks	346.099	-	15.028.609	392.035	32.582	2.268	2.259	-	15.803.852
Foreign Banks	2.213.283	-	760.455	6.079.130	5.132.886	23.091	597.057	-	14.805.902
Participation Banks	519.857	-	-	872.566	-	-	-	-	1.392.423
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>103.307.584</b>	<b>-</b>	<b>43.837.060</b>	<b>154.554.240</b>	<b>39.858.688</b>	<b>15.936.649</b>	<b>34.901.574</b>	<b>209.947</b>	<b>392.605.742</b>

<b>Prior Period</b>	<b>Demand</b>	<b>7 Day Call Accounts</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6 Months-1 Year</b>	<b>1 Year and Over</b>	<b>Cumulative Deposits</b>	<b>Total</b>
Saving Deposits	25.838.545	-	2.434.235	72.374.457	8.108.409	3.032.613	3.344.387	163.671	115.296.317
Foreign Currency Deposits	32.904.615	-	11.123.815	44.085.869	8.357.133	7.579.682	23.733.359	5.576	127.790.049
Residents in Turkey	27.197.662	-	10.413.062	33.693.139	5.174.086	3.480.548	7.451.393	4.070	87.413.960
Residents Abroad	5.706.953	-	710.753	10.392.730	3.183.047	4.099.134	16.281.966	1.506	40.376.089
Public Sector Deposits	7.008.902	-	3.189.817	4.748.666	1.596.385	3.408.368	3.728	-	19.955.866
Commercial Inst. Deposits	8.036.083	-	6.344.859	6.966.096	668.237	2.444.196	63.614	-	24.523.085
Other Inst. Deposits	1.874.072	-	1.797.575	4.071.666	1.034.292	767.749	481.790	-	10.027.144
Precious Metals	6.587.404	-	67.100	936.470	96.814	48.850	68.770	-	7.805.408
Interbank Deposits	4.742.133	-	11.814.536	4.191.970	2.847.538	1.258.825	813.612	-	25.668.614
CBRT	977	-	-	-	-	-	-	-	977
Domestic Banks	234.266	-	9.144.287	190.729	11.406	2.088	2.085	-	9.584.861
Foreign Banks	2.992.857	-	2.670.249	3.730.201	2.836.132	1.256.737	540.487	-	14.026.663
Participation Banks	1.514.033	-	-	271.040	-	-	271.040	-	2.056.113
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>86.991.754</b>	<b>-</b>	<b>36.771.937</b>	<b>137.375.194</b>	<b>22.708.808</b>	<b>18.540.283</b>	<b>28.509.260</b>	<b>169.247</b>	<b>331.066.483</b>

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

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

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

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

	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits <sup>(1)</sup>	77.919.623	72.452.175	46.823.311	42.513.947
Foreign Currency Saving Deposits <sup>(1)</sup>	45.064.022	35.389.813	78.278.555	62.168.160
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance <sup>(2)</sup>	1.255.931	1.106.656	159.505	161.259
Deposits at 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 192.442 and TL 15.051 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2018: TL 140.007 TL and TL 24.266).

Based on the Council of Minister's decree dated 29 December 2003 and numbered 2003/6668, TL 601 of demand deposits is not included in the above calculation, since the Bank paid the saving deposits amount attributable to T. İmar Bank T.A.Ş.

Savings Deposit Insurance Fund premiums are calculated based on deposit amount attributable to real persons in domestic branches of the banks. As total of capital amount and interest expense accruals of saving deposits up to TL 100 attributable to a real person is covered by the insurance, TL 2.276.362 of interest expense accrual is included in the above-mentioned figures in accordance with the Communiqué on Insurance Deposits and Participation Funds and Premiums Collected by the Savings Deposit Insurance Fund published in the Official Gazette dated 15 February 2013 and numbered 28560.

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

The Bank's head office is located in Turkey.

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

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

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

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

	Current Period	Prior Period
Deposits and other Accounts in Branches Abroad	96.375	59.444
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	11.578	8.967
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	-	-

**2. Negative Differences Related to the Derivative Financial Liabilities**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	168.454	76.768	272.091	8.419
Swap Transactions	1.229.306	910.907	882.868	478.751
Futures Transactions	5.098	-	-	-
Options	25	34	1.363	-
Other	-	-	-	-
<b>Total</b>	<b>1.402.883</b>	<b>987.709</b>	<b>1.156.322</b>	<b>487.170</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
Borrowings from CBRT	-	-	-	-
Domestic Banks and Institutions	1.343.804	5.096.358	2.088.086	4.119.290
Foreign Banks, Institutions and Funds	381.148	30.116.883	580.527	27.383.750
<b>Total</b>	<b>1.724.952</b>	<b>35.213.241</b>	<b>2.668.613</b>	<b>31.503.040</b>

**3.2. Maturity Structure of Funds Borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	1.343.029	6.859.125	2.086.811	4.952.533
Medium and Long-Term	381.923	28.354.116	581.802	26.550.507
<b>Total</b>	<b>1.724.952</b>	<b>35.213.241</b>	<b>2.668.613</b>	<b>31.503.040</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**

64,32% of the Bank’s total liabilities and equity consist of deposits. Deposits have a diversified base and have steady structures. The Bank’s liabilities are not subject to a significant concentration risk.

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

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

**4. Information on Funds Supplied from Repurchase Agreements**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>From Domestic Transactions</b>	<b>45.311.237</b>	<b>-</b>	<b>55.960.316</b>	<b>-</b>
Financial Institutions and Organizations	44.318.413	-	55.754.498	-
Other Institutions and Organizations	990.371	-	203.162	-
Real Person	2.453	-	2.656	-
<b>From Overseas Operations</b>	<b>-</b>	<b>19.786.504</b>	<b>-</b>	<b>12.390.480</b>
Financial Institutions and Organizations	-	19.786.504	-	12.390.480
Other Institutions and Organizations	-	-	-	-
Real Person	-	-	-	-
<b>Total</b>	<b>45.311.237</b>	<b>19.786.504</b>	<b>55.960.316</b>	<b>12.390.480</b>

**5. Information on Securities Issued**

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	1.220.925	201.776	1.806.838	106.896
Asset-Backed Securities	-	-	-	-
Treasury Bills	1.010.690	13.654.372	1.010.690	12.506.044
<b>Total</b>	<b>2.231.615</b>	<b>13.856.148</b>	<b>2.817.528</b>	<b>12.612.940</b>

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

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

**7. Information on Finance Lease Payables (Net)**

Information on finance lease payables represented in the table below:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	14.876	14.875	224	221
Between 1-4 Years	266.852	266.852	-	-
More than 4 Years	305.782	305.782	-	-
<b>Total</b>	<b>587.510</b>	<b>587.509</b>	<b>224</b>	<b>221</b>

**8. Information on Derivative Financial Liabilities for Hedging Purposes**

There are no derivative financial liabilities for hedging purposes

**9. Explanations on Provisions**

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

There is no foreign exchange loss provisions on foreign currency indexed loans and finance lease receivables (31 December 2018: TL 26).

**9.2. Liabilities on Reserve for Employee Termination Benefits**

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 June 2019, unpaid vacation liability amounted to TL 277.340, and employment termination amounted to TL 912.072 are presented under the “Employee Benefits Provision” in the financial statements (30 June 2018: unpaid vacation liability amounted to TL 198.000, and employment termination amounted to TL 824.520 are presented under the “Employee Benefits Provision” in the financial statements).

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

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

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

**9.3. Information on Other Provisions**

These financial statements include a general provision which is not in accordance with BRSA Principles amounting to TL 952.000, provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions. Moreover, the provision of TL 30.500 and other provision of TL 217 exist for cash transfers made by Bank officials.(31 December 2018: These financial statements include a general provision which is not in accordance with BRSA Principles amounting to TL 952.000 ,which has a part of TL 523.000 have been reversed from the current period, provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions. Moreover, the provision of TL 30.500 and other provision of TL 217 exist for cash transfers made by Bank officials.)

**10. Information on Tax Liability**

**10.1. Information on Current Tax Liability**

**10.1.1. Information on Tax Provisions**

As of 30 June 2019, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 165.304 (As of 31 December 2018, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 880.567).

**10.1.2. Information on Current Taxes Payable**

	Current Period	Prior Period
Corporate Tax Payable	165.304	880.567
Taxation on Income From Securities	358.759	195.908
Property Tax	2.957	2.668
Banking Insurance Transactions Tax (BITT)	286.452	235.144
Foreign Exchange Transactions Tax	8.696	58
Value Added Tax Payable	4.593	8.366
Corporate Tax Payable	81.018	109.738
Taxation on Income From Securities	<b>907.779</b>	<b>1.432.449</b>

**10.1.3. Information on Premiums**

	Current Period	Prior Period
Social Security Premiums - Employee	44	40
Social Security Premiums - Employer	54	54
Bank Social Aid Pension Fund Premium - Employee	18.226	11.988
Bank Social Aid Pension Fund Premium - Employer	25.405	16.712
Pension Fund Membership Fees and Provisions - Employee	1	1
Pension Fund Membership Fees and Provisions - Employer	1	-
Unemployment Insurance - Employee	4.036	1.816
Unemployment Insurance - Employer	8.074	3.634
Other	-	-
<b>Total</b>	<b>55.841</b>	<b>34.245</b>

**10.2. Information on Deferred Tax Liabilities, if any**

The Bank does not have any deferred tax liability.

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

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

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

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

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

**12. Explanations on Subordinated Debts**

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	-	9.195.616	-	-
Subordinated loans	-	-	-	-
Subordinated debt	-	9.195.616	-	-
Debt instruments to be included in contribution capital calculation	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt	-	-	-	-
<b>Total</b>	<b>-</b>	<b>9.195.616</b>	<b>-</b>	<b>-</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 on Paid-In Capital**

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

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

The Bank does not have a registered capital system.

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

There are no capital increases in the current period

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

There is no share capital amount included in capital.

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

The Bank has no capital commitments.

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

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

**13.7. Information on Preferred Shares Representing The Capital**

The Bank has no preferred shares.

**13.8. Information on Marketable Securities Value Increase Fund**

	Current Period		Prior Period	
	TL	TL	FC	YP
<b>From Subsidiaries, Associates and Entities under Common Control</b>	<b>1.785.784</b>	<b>214.829</b>	<b>1.793.543</b>	<b>176.034</b>
Revaluation Difference	(41.454)	214.829	(33.695)	176.034
Foreign Exchange Difference	1.827.238	-	1.827.238	-
<b>From Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>(4.123.109)</b>	<b>(2.699.007)</b>	<b>(3.637.328)</b>	<b>(2.792.581)</b>
Revaluation Difference	(6.021.427)	(2.699.007)	(5.477.334)	(2.792.581)
Deferred Tax Effect	1.898.318	-	1.840.006	-
Foreign Exchange Difference	-	-	-	-
<b>Total</b>	<b>(2.337.325)</b>	<b>(2.484.178)</b>	<b>(1.843.785)</b>	<b>(2.616.547)</b>

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**SECTION FIVE (Continued)**

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

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

**1. Information on Off-Balance Sheet Liabilities**

**1.1. Nature and Amount Of Irrevocable Loan Commitments**

	<b>Current Period</b>	<b>Prior Period</b>
Commitments for Credit Card Expenditure Limits	21.728.220	13.341.463
Other Irrevocable Commitments	13.045.304	14.001.763
Loan Granting Commitments	9.500.508	8.548.157
Payment Commitments for Cheques	3.753.925	2.773.071
Asset Purchase Commitments	8.678.505	7.174.245
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	39.441	23.620
Subsidiaries and Associates Capital Contribution Commitments	-	-
<b>Total</b>	<b>56.745.903</b>	<b>45.862.319</b>

**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 508.965 for possible losses arising from the off-balance sheet items in the current period. (31 December 2018: TL 448.141).

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

	<b>Current Period</b>	<b>Prior Period</b>
Guarantee Letters	94.738.088	94.754.340
Letter of Credits	19.033.373	17.915.615
Bank Acceptances	9.106.283	8.312.973
Endorsement	812.835	202.092
<b>Total</b>	<b>123.690.579</b>	<b>121.185.020</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	68.063.768	65.841.319
Letters of Advance Guarantees	18.369.360	20.112.137
Letters of Temporary Guarantees	2.304.282	3.098.995
Letters of Guarantees Given to Customs Offices	1.533.062	1.444.864
Other Letters of Guarantees	4.467.616	4.257.025
<b>Total</b>	<b>94.738.088</b>	<b>94.754.340</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>897.402</b>	<b>872.563</b>
With Original Maturity of One Year or Less	-	4.289
With Original Maturity of More than One Year	897.402	868.274
<b>Other Non-Cash Loans</b>	<b>122.793.177</b>	<b>120.312.457</b>
<b>Total</b>	<b>123.690.579</b>	<b>121.185.020</b>

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**SECTION FIVE (Continued)**

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

**IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT**

**1. Within The Scope of 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>21.449.883</b>	<b>4.206.740</b>	<b>15.022.704</b>	<b>2.637.789</b>
Short Term Loans	6.892.320	407.900	3.887.125	117.459
Medium and Long Term Loans	14.148.517	3.798.819	11.063.961	2.520.314
Interest on Non-Performing Loans	409.046	21	71.618	16
Premiums from Resource Utilization Support Fund	-	-	-	-

<sup>(1)</sup> Includes fees and commissions income on cash loans.

**1.2. Information on Interest Received from the Banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	69.648	-	19.172	-
Domestic Banks	89.738	14	43.658	177
Foreign Banks	18.636	18.850	6.598	22.453
Foreign Head Office and Branches	-	-	-	-
<b>Total</b>	<b>178.022</b>	<b>18.864</b>	<b>69.428</b>	<b>22.630</b>

**1.3. Information on Interest Income on Marketable Securities**

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	2.232	1.553	410	308
Financial Assets at Fair Value Through Other Comprehensive Income	4.995.986	811.953	2.511.854	548.715
Financial Assets Measured at Amortized Cost	491.967	228.500	111.287	163.580
<b>Total</b>	<b>5.490.185</b>	<b>1.042.006</b>	<b>2.623.551</b>	<b>712.603</b>

**1.4. Information on Interest Income from Subsidiaries and Associates**

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	97.176	22.510



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**SECTION FIVE (Continued)**

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

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

**2. Within the Scope of Interest Expense (Continued)**

**2.1. Information on Interest Expense on Borrowings**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks <sup>(1)</sup>	184.938	670.866	71.735	483.855
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	140.698	109.507	31.161	8.040
Foreign Banks	44.240	561.359	40.574	475.815
Foreign Head Office and Branches	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>184.938</b>	<b>670.866</b>	<b>71.735</b>	<b>483.855</b>

<sup>(1)</sup> Includes fees and commissions expenses on cash loans.

**2.2 Information on Interest Expenses Given to Subsidiaries and Associates**

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	245.250	112.981

**2.3 Information on Interest Given on Securities Issued**

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Given on Securities Issued	240.378	416.981	253.307	249.518

**2.4 Maturity Structure of the Interest Expense on Deposits**

Account Name	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year		
<b>TL</b>								
Bank Deposit	-	1.433.299	194	-	268	259	-	1.434.020
Saving Deposit	-	206.317	6.436.644	907.600	278.584	407.903	3.527	8.240.575
Public Sector Deposit	296	329.264	369.691	74.418	180.070	259	-	953.998
Commercial Deposit	110	664.925	1.013.806	46.754	338.754	27.825	-	2.092.174
Other Deposit	12	96.319	315.814	265.072	92.443	45.612	-	815.272
Deposit with 7 Day Notification	-	-	-	-	-	-	-	-
<b>Total</b>	<b>418</b>	<b>2.730.124</b>	<b>8.136.149</b>	<b>1.293.844</b>	<b>890.119</b>	<b>481.858</b>	<b>3.527</b>	<b>13.536.039</b>
<b>FC</b>								
Foreign Currency Deposit	488	168.766	656.675	75.927	67.304	223.578	-	1.192.738
Bank Deposit	12	94.060	4.922	9.498	3.105	4.282	-	115.879
Deposit with 7 Day Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	180	4.166	470	222	312	-	5.350
<b>Total</b>	<b>500</b>	<b>263.006</b>	<b>665.763</b>	<b>85.895</b>	<b>70.631</b>	<b>228.172</b>	<b>-</b>	<b>1.313.967</b>
<b>Grand Total</b>	<b>918</b>	<b>2.993.130</b>	<b>8.801.912</b>	<b>1.379.739</b>	<b>960.750</b>	<b>710.030</b>	<b>3.527</b>	<b>14.850.006</b>

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**SECTION FIVE (Continued)**

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

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

**3. Information on Trading Profit/Loss (Net)**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Profit</b>	<b>48.500.307</b>	<b>34.109.305</b>
Foreign Exchange Profits	46.077.542	33.017.229
Profit on Derivative Financial Instruments	2.386.183	1.087.744
Profit from the Capital Market Transactions	36.582	4.332
<b>Loss (-)</b>	<b>52.995.090</b>	<b>35.771.775</b>
Foreign Exchange Loss	46.030.821	33.476.520
Loss on Derivative Financial Instruments	6.958.094	2.294.074
Loss from the Capital Market Transactions	6.175	1.181

**4. Information on Other Operating Income**

Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 535.098 and income from sales of assets amounting to TL 43.257 (30 June 2018: Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 196.334 and income from sales of assets amounting to TL 24.316)

**5. Provision for Impairment on Loans and Other Receivables of Banks**

**Expected Loss Provision Expenses According to TFRS 9**

	<b>Current Period</b>	<b>Prior Period</b>
Expected Credit Loss Provisions	1.838.844	1.311.833
12 month expected credit loss (stage 1)	100.123	145.615
Significant increase in credit risk (stage 2)	385.286	147.903
Non-performing loans (stage 3)	1.353.435	1.018.315
Marketable Securities Impairment Expense	728	9.826
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	728	9.826
Subsidiaries, Associates and Entities under Common Control Provision Expenses for Impairment	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	2.300	-
<b>Total</b>	<b>1.841.872</b>	<b>1.321.659</b>

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

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

**6. Information on Other Operating Expenses**

	<b>Current Period</b>	<b>Prior Period</b>
Reserve for Employee Termination Benefits	88.681	58.160
Bank Social Aid Provision Fund Deficit Provision	-	-
Tangible Fixed Assets Impairment Expense	-	101
Depreciation Expenses of Tangible Fixed Assets	190.637	111.178
Intangible Assets Impairment Expense	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	39.280	30.969
Impairment Expense for Equity Shares Subject to the Equity Method	-	-
Impairment Expense for Investment Securities that will be Disposed	-	-
Amortization Expenses of Investment Securities that will be Disposed	-	-
Impairment Expense for Property, Plant and Equipment Held for Sale and Discontinuing Operations	-	-
Other Operating Expenses	1.319.223	1.207.664
Leasing Expenses Related to TFRS 16 Exceptions	65.926	141.787
Maintenance Expenses	47.258	43.290
Advertisement Expenses	105.163	87.759
Other Expenses	1.100.876	934.828
Loss on Sales of Assets	392	740
Other <sup>(1)</sup>	1.376.007	893.998
<b>Total</b>	<b>3.014.220</b>	<b>2.302.810</b>

<sup>(1)</sup> TL 432.549 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 423.539 consists of taxes, duties and charges expense (30 June 2018: TL 307.970 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 314.679 consists of taxes, duties and charges expense)

<sup>(2)</sup> Prior period balance is from Operational Leasing Expenses.

**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	10.979.145	9.761.907
Net Fees and Commissions Income	1.612.723	1.274.473
Other Operating Income	826.451	445.887
Dividend Income	1.030.484	275.108
Trading Income/Expense (Net)	(4.494.783)	(1.662.470)
Personnel Expenses (-)	1.725.542	1.438.332
Expected Loss Provisions (-)	1.838.844	1.311.833
Other Provision Expenses(-)	3.028	9.826
Other Operating Expenses (-)	3.014.220	2.302.810
<b>Profit / (Loss) From Continuing Operations</b>	<b>3.372.386</b>	<b>5.032.104</b>

**8. Information on Tax Provision for Continuing and Discontinuing Operations**

As of 30 June 2019, TL 556.785 of the Bank's total tax provision expense amounting to TL 664.671 consists of current tax expense while remaining balances amounting to TL 107.886 consists of deferred revenue. (As of 30 June 2018, TL 1.079.018 TL of the Bank's total tax provision expense amounting to TL 1.010.859 consists of current tax expense while remaining balances amounting to TL 68.159 consists of deferred tax expense.)

**9. Explanation on Net Income/Loss for the Period for Continued and Discontinued Operations**

The Bank's net operating income after tax amounts to TL 2.815.601 (30 June 2018: TL 3.953.086).

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

10. Information on Net Profit/Loss

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

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

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

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

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

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

V. EXPLANATIONS AND NOTES TO THE RISK GROUP OF THE BANK

1. Information on the Deposits of the Bank's Risk Group

Current Period

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Opening Balance	2.535.527	5.669.093	-	-	-	-
Closing Balance	2.342.073	4.462.583	-	-	-	-
Interest and Commissions Income	97.176	781	-	-	-	-

Prior Period

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Opening Balance	1.622.698	4.428.780	-	-	-	-
Closing Balance	2.535.527	5.669.093	-	-	-	-
Interest and Commissions Income <sup>(1)</sup>	22.510	434	-	-	-	-

<sup>(1)</sup> Represent the amount of interest and commissions income as of 30 June 2018.

2. Deposits Held By The Bank's Risk Group

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Opening Balance	2.711.172	1.760.542	-	-	-	-
Closing Balance	3.129.594	2.711.172	-	-	-	-
Interest Expense on Deposits	245.250	112.981	-	-	-	-

<sup>(1)</sup> The prior period balance of the deposit interest expense represents the amount at 30 June 2018

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

**V. EXPLANATIONS AND NOTES TO THE RISK GROUP OF THE BANK(Continued)**

**3. Information on Forward Transactions, Option Agreements and Similar Transactions Between the Bank’s Risk Group**

	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						
Opening Balance	1.209.831	555.062	-	-	-	-
Closing Balance	1.323.348	1.209.831	-	-	-	-
<b>Total Profit/Loss</b>	<b>(23.467)</b>	<b>(46.121)</b>	-	-	-	-
Risk Protection Oriented Processes						
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
<b>Total Profit/Loss</b>	-	-	-	-	-	-

**4. Information about Fees Paid to the Bank’s Key Management**

Fees paid to the Bank’s key management amount to TL 6.632 (30 June 2018: 6.052 TL).

**VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS**

None.

**SECTION SIX**

**EXPLANATIONS ON LIMITED REVIEW REPORT**

**I. EXPLANATIONS ON LIMITED REVIEW REPORT**

As of 30 June 2019, unconsolidated financial statements and explanatory notes of the Bank disclosed herein were reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member firm of KPMG International Cooperative, a Swiss entity) and Auditors’ Review Report dated 31 July 2019 is presented preceding the financial statements.

**II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS**

None.

## **SECTION SEVEN**

### **EXPLANATIONS ON INTERIM ACTIVITY REPORT**

#### **I. Chairman’s Assessment**

The second quarter of 2019 was a period where protectionism over global trade continued and as a result global economic growth rate slowed down. In this context, strong signals are being received that the central banks of developed countries are more inclined to loosen their monetary policies in the face of deepening protectionism activities over the previous year.

The US-China trade talks, unlikely to be resolved in the near future, the Brexit process extended with the resignation of the British Prime Minister and US sanctions on Iran were the main risks dominating the second quarter. Announcements made by the central banks of the developed countries state that they will step towards expansionary monetary policy in order to limit the impact of these fragilities on economies supported the demand for emerging markets financial assets and the appetite for risk in the last quarter.

The US economy, which diverged positively from the developed economies in the first quarter, entered into a slowdown trend in the second quarter, opening the door to the US Federal Reserve (FED) in 2019 for possible interest rate cuts. The European Central Bank, which has not been unresponsive to the sharpening of the slowdown in the Eurozone's growth rate, also announced that it would follow the FED and increase its incentives. Consequently, despite the risks, with the global wind blowing in favor of developing countries, the central banks of developing countries also tended to follow the central banks in developed countries and participate in the rate cut cycle. Central Banks of Russia, India, South Africa, Indonesia, Kazakhstan, the Philippines, Ukraine, South Korea and Chile were among the Monetary Authorities that cut policy rates in the first half of the year.

The rebalancing trend continued in the Turkish economy which surpassed the two election periods in the first half of 2019. Inflation, which followed a moderate trend in the first two months of the second quarter, accelerated its decline with June. The recovery in the current account balance which started in the third quarter of 2018, continued to improve with the contribution of tourism revenues and the impact of the weak outlook in economic activity. In addition to the increase in exports, rapid decline in imports mainly led to an improvement in the current account balance.

Although our risk premium indicator remains high throughout the second quarter, the expectation, which increased with the G-20 summit that relations with the United States may progress on a moderate course has led to a recovery in risk premium. In addition to the favorable outlook in global liquidity conditions, the recovery in TL assets, the improvement in the current account balance and increasing disinflationary trend due to the base effect have created a space for the Central Bank to resort to strong interest rate cuts in the coming period.

The Banking Sector which continued to meet the financing needs of households and real sector in the first 6 months of 2019, has mainly increased its lending in TL which was double to the increase in TL lending in 2018 whereas the growth in FX loans mainly stemmed from higher FX rate. In this performance, the state-owned banks and especially Ziraat Bank, which is the morale bank of our country, played an important role.

In the upcoming periods, Ziraat Bank will continue to provide funding from domestic and international markets and supply these funds to the use of the economy mainly through loan allocation.

Ziraat Bank is one of the most valuable assets of our country with its 156 year history, TL 610 billion asset size , TL 412 billion cash loan, TL 124 billion non-cash loan, 1,741 domestic branches, 8 local subsidiaries in different fields, subsidiary banks and foreign branches operating in 18 countries abroad. Ziraat Bank continues its resounding efforts to deliver financing in the sector and business lines that will contribute to the economy of our country and to provide effective, fast and high quality banking services.

In this context, we will continue to cooperate with our subsidiaries and foreign branches as well as other public and private banks on best practices that will contribute to the efficiency of the banking sector.

**Dr. Ahmet GENÇ**

**Chairman of the Board**

**SECTION SEVEN (Continued)**

**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)**

**II. Assessment of General Manager**

As of the first half of 2019, Ziraat Bank continued to grow its loans faster than the sector, with a significant number of effectively designed products just like in previous years. Ziraat Bank, which constitutes more than 67% of its balance sheet from loans and 75% of its loans from corporate loans, continues to be the leading bank in the financing of all sectors that will contribute to the country's economy, support the current account balance, create employment and added value. Despite its strong loan growth, Ziraat Bank continues to maintain its loan/deposit ratio below the sector average with the contribution of its sustainable deposit base.

Due to limited demand in the first half of 2019, there was no significant change in foreign currency loans of the sector other than the exchange rate effect, while a higher increase was achieved in Turkish lira loans compared to 2018 and our market share has reached 18%.

We continue to increase our support through loans by designing new products to meet the needs. In addition to the financing provided by “SME Value Loans” (KOBİ Değer Kredileri) since last year, we continue our support to the real economy through “Economy Value Loan” (Ekonomi Değer Kredisi) which is designed to be indexed to inflation and “Momentum Financing Package” which is designed to be indexed to inflation and interest rates on government bonds.

We have acquired a significant level of financing with the greenhouse loans we designed to improve greenhouses cultivation. As a reflection of our pioneering and leading position in the financing of agriculture, we also increase our contribution to the creation of a conscious, efficient and high added-value agricultural sector in the country's economy through our practices such as “The Young Farmers Academy”.

With these products, it is aimed to promote effective allocation of scarce savings resources, which should be the main target of the banks, and to ensure proper risk management.

Apart from the real sector, we continue to be the leading bank in meeting the financing needs of our retail customers. While housing loans decreased in the first half of the year in the sector, Ziraat Bank recorded an increase in housing loans. Ziraat Bank provided about 60% of the increase in consumer loans in the first half of the year. We have reached a market share of 27% in housing loans and 18% in consumer loans. In other words, 1 out of every 4 housing loans and every 5 consumer loans in the sector were extended by Ziraat Bank. We added "Inflation Indexed Housing Loan" product to our “Firm Backed Housing Loan” product that we have previously offered to our customers.

Our bank continues to expand its retail and non-retail customer base and product ownership of both. Thus, we continue to contribute to increasing the number of individuals and firms benefiting from banking products and services through widespread branch and non-branch distribution channels.

The deposit continues to be the major financing source of the balance sheet with 65% share in liabilities. As with loans, we avoid harmful and aggressive competition with the responsibility of being a leader bank in deposit market. We also aim to contribute to the development of the savings attitude as well as the development of the deposit market by designing new products. We designed and offered new “Inflation-Indexed” and “Inflation-Protected” deposit products to our customers this year, in addition to our previous year “Loyal”, “Cumulative”, “Dowry”, “Housing”, “Demand – Non-Demand Gold”, “Term Payment”, etc. deposit products.

We continue to attain funds from abroad as the domestic savings are not sufficient for investments. We successfully rolled our \$1.4 billion syndicated loan due in April. In addition, we continue our efforts to increase our funds through repo, post financing, borrowings from international financial institutions and banks and eurobond issuance. The additional foreign currency funds we obtained from abroad in the first half of the year reached \$1.2 billion.

**Hüseyin AYDIN**

**Member of the Board and CEO**

**SECTION SEVEN (Continued)**

**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)**

**III. Corporate Profile**

Ziraat Bank uses its strong position to affect its performance with the growth potential provided by financial markets and to perform the best practices in workflows.

Ziraat Bank has made great breakthroughs in 155 years, it has created high added value for society and has reached the status of the leading bank.

Turkey's oldest and most powerful bank, Ziraat Bank began its operations in 1863. Nowadays, started from the date of its foundation, the Bank has been on the side of individuals from all levels of society, institutions and organizations from all sectors and transferred sources to them. Ever since the Bank has been the driving force of the economic development

Ziraat Bank has rich product and service diversity, long-term knowledge and experience, competent human resources and a strong financial structure.

The Bank continues to shape the Turkish banking sector with its excellent service delivery scale, growth power and growth potential.

Ziraat Bank by having Turkey's most common banking service network offers its customers from corporate, entrepreneur and retail banking continuous and superior quality services with

- 1.764 domestic and foreign branches
- 24.533 Employees
- 7.206 ATMs
- Internet Banking (Retail and Corporate Internet Branch)
- Mobile Banking (Ziraat Mobile, Ziraat Tablet)
- Telephone Banking
- SMS Banking

Ziraat Bank, on its strategy to become a global player, also gain a prestigious position in international banking sector in where the Bank performed hard work by following the sector closely. Operating in 18 countries around the world, the Bank has a large international network with 9 international subsidiary banks, 23 abroad branches and 1 representative office.

The Bank, which is the owner of a large portfolio of subsidiaries in Turkey in banking, insurance, investment services, portfolio management, financial leasing, venture fund, real estate investment trust and financial technology fields, perform its activities as a n institution with consciousness of ethical values and social responsibility.

Ziraat Bank manages innovations and changes together in line with its goals, and operates in a stable manner both in terms of financial and operational aspects.

**IV. Shareholding Structure**

The paid in capital of T.C. Ziraat Bank is TL 6.100.000.000. The Bank's sole shareholder is Turkish Wealth Fund.

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



**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**  
**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2019**  
(Unless otherwise stated amounts are expressed in Turkish Lira (“TL”))

**SECTION SEVEN (Continued)**

**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)**

**V. Main Financial Indicators**

<b>ASSETS (TL Million)</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
Cash and Cash Equivalents	57.659	46.237
Securities Portfolio	106.998	88.681
Loans	412.303	371.871
Other Assets	33.400	30.367
<b>Total Assets</b>	<b>610.360</b>	<b>537.156</b>
<b>LIABILITIES (TL Million)</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
Deposits	392.606	331.066
Non-deposit Funds	127.319	117.953
Other Liabilities	30.068	30.736
Shareholders' Equity	60.367	57.401
<b>Total Liabilities</b>	<b>610.360</b>	<b>537.156</b>
<b>SELECTED P&amp;L ITEMS (TL Million)</b>	<b>30.06.2019</b>	<b>30.06.2018</b>
Interest Income	32.765	21.407
Interest Expense	21.786	11.645
Net Interest Income	10.979	9.762
Net Fees and Commission Income	1.613	1.274
Other Operations Income	826	446
Other Operations Expense	3.014	2.303
Allowance for expected credit losses	1.839	1.312
Provision for Losses on Loans Or Other Receivables	3.372	5.032
Income Before Taxes From Continuing Operations	557	1.079
<b>Net Profit/Losses</b>	<b>2.816</b>	<b>3.953</b>
<b>RATIOS (%)</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
Capital Adequacy Ratio	16,01	14,82
Equity / Total Assets	9,9	10,7
Cash Loans / Total Assets	67,6	69,2
Loans under follow-up (Gross) / Total Loans	2,1	2,0
Saving Deposits/ Total Deposits	26,3	26,3
FC Assets / FC Liabilities	83,0	92,0
Liquid Assets / Total Assets	9,4	8,6

(\*) Securities borrowed by the Bank are not included.

(\*\*) Non Performing Loans and Allowance for expected credit losses are not included.

**SECTION SEVEN (Continued)**

**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)**

**VI. 2019 II. Interim Activities**

**International Banking**

Bank renewed its Master Interbank Loan Agreement which has been ongoing since 2016 with South Korea's Export-Bank of Korea (Korea Exim) on 3 May 2019.

Besides, in order to increase the diversification of funding and to create long-term alternative resources, studies on the establishment of a securitization program (DPR- Diversified Payment Rights) are in progress. By the programme, it is aimed to raise funding through loan or bond issuance by using foreign currency transfers as a collateral.

**Bonds Issuance in Global Markets**

As of 24 April 2019, The Bank issued €1,400,000,000 Perpetual Fixed Rate Resettable Additional Tier 1 Notes under GMTN(Global Medium Term Note) Program to ‘TVF Piyasa İstikrar ve Denge Alt Fonu’, sub-fund of Turkiye Wealth Fund with an interest rate of 5.076% At the end of each 5-year period following the issuance date, early call option is applicable subject to the approval of the BRSA. In addition, in the second quarter of 2019, the Bank continued to provide foreign currency funds through MTN issuances in the form of private placement.

**Treasury Operations**

Executive Vice Presidency of Treasury Management and International Banking continues to meet the financial needs of customers in the most appropriate way. By the means of the business model with wide branch network and effective customer relations, largely volumed spot currency operations with customers continues. In addition, the Bank offers financial solutions for customers by derivative products in order to hedge for currency and interest risks.

As in the previous years, in the second quarter of 2019, bonds and bills issuances in domestic markets continued to be realized in order to reach a diversified customer base. At this period, TL 1,2 billion of bonds were issued against the TL 1,6 billion redemption.

In the second quarter\ gold trading volume of customers reached 34 tons. In addition, in the second quarter of 2019, approximately 412 kilograms of `gold under the mattress` was added to the financial system with the “Gold Time” facility, where scrap gold is collected from customers .

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2019**  
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**SECTION SEVEN (Continued)**

**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)**

**VI. 2019 II. Interim Activities**

**Credit Rating Agencies**

<b>Credit Rating Agency</b>	<b>Category</b>	<b>Credit Grade</b>	<b>Date</b>
<b>Fitch Ratings</b>	FC Long Term	B+	<b>June 2019<sup>(*)</sup></b>
	Outlook	Negative	
	FC Short Term	B	
	TL Long Term	BB	
	Outlook	Negative	
	TL Short Term	B	
	National Long Term	AA	
	Outlook	Stable	
	Support	4	
	Support Rating Base	B+	
	Financial Capability Grade	b+	
<b>Moody's</b>	Outlook	Negative	<b>June 2019</b>
	Long Term Deposit –FC	B3	
	Short Term Deposit –FC	Not-Prime	
	Long Term Deposit –TL	B2	
	Short Term Deposit –TL	Not-Prime	
	Long Term Bond –FC	B2	
	Long Term Bond –TL	B2	
	Basic Credit Note	caa1	
Adjusted Basic Credit Note	caa1		
<b>JCR Eurasia</b>	Long Term International FC	BBB -	<b>October 2018</b>
	Outlook	Negative	
	Long Term International TL Grade	BBB -	
	Outlook	Negative	
	Long Term National Grade	AAA (Trk)	
	Outlook	Stable	
	Short Term International FC	A – 3	
	Outlook	Negative	
	Short Term International TL Grade	A – 3	
	Outlook	Negative	
	Short Term National Grade	A-1+ (Trk)	
	Supporting Grade	1	
Independence from Affiliates Grade	A		

(\*) With the decision taken by Fitch Ratings on July 19, 2019, the Bank's Long Term Local Currency rating was downgraded to 'BB -', and no change was made in other ratings and outlook.

**SECTION SEVEN (Continued)**

**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)**

**VI. 2019 III. Interim Activities(Continued)**

**Financing of Agriculture Sector**

While Ziraat Bank continued to provide financial support to the agricultural sector on the one hand, projects aimed at the solution of structural problems of the sector and facilitating access to finance were developed. Work is carried out with related institutions, organizations and agricultural organizations. In this context, priority is given to efforts aimed at facilitating direct access to finance and diversification of credit products specifically for small-scale farmers, who are the most important link of the agricultural value chain

Contracted production model, increasing the level of agricultural mechanization of the enterprises, investment projects that will create added value in agricultural production and meet the needs of our country and investments of licensed warehousing and cold storage facilities, as well as storage, processing, packaging of agricultural products, increasing the investments and activities will be the target issues of the Bank.

***TL 65,2 billion of loans for financing the agricultural sector***

Ziraat Bank’s total floans from its own resources and intermediated loans of public funds for financing the agricultural sector, reached TL 65,2 billion by the end of the second quarter of 2019 and number of the customers who took out a loan reached over 755 thousands.

Our customers operating in the sector continue to use the loan with convenient interest rates per annum within the scope of subsidies determined on the basis of production subjects in line with the decree and communiqué on interest subsidized loans in the first six months of 2019.

In the first six months of 2019, subsidized loans amounting to TL 13,4 billion were extended to 218 thousand producers and companies that are operating in agriculture sector. As of the end of the second quarter, the total amount of loans for animal production reached TL 25 billion and the number of loan customers reached over 276 thousand.

In order to increase the level of mechanization of agricultural enterprises and efficiency and profitability in production, the Bank provides, tractor and agricultural mechanization loans. As of end of the second quarter 2019, total size of tractor loans is TL 8,4 billion and mechanization loans is TL 1 billion.

***Agricultural Credit Packages***

In the first 6 months of 2019;

- Greenhouse Credit Package, within the scope of increasing agricultural production in greenhouses, setting new greenhouses and modernization of existing greenhouses,
- Soybean, Corn and Sunflower Credit Package, which is one of the strategic crop production subjects that are intense in importation, to promote the domestic production of soybeans, corn and sunflowers and to reduce their imports.
- Credit Package of Livestock Enterprises which Produce Own Feed in order to reduce the input costs of bovine breeding and ovine breeding
- Forest Villages Credit Package has been established in order to enable the people living in forest villages to be eligible for economies of scale and high income in beekeeping, mushroom breeding and medicinal aromatic plant growing,
- In order to the creation of tools, machinery and equipment parks to provide services to agricultural producers by providing investment financing to agricultural producer organizations, unions, cooperatives and other legal entities, thus preventing small-scale producers from purchasing machinery above their solvency or agricultural needs and directing their capital to idle/surplus investments and also to contribute to their productivity and profitability by facilitating access to adequate and efficient technology by purchasing services from the people who will create machine parks, the Together Equipment Trust was introduced.

**SECTION SEVEN (Continued)**

**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)**

**VII. 2019 III. Interim Activities(Continued)**

*Young Farmer Academy*

The social responsibility project, which was launched in September 2018 under the name of Ziraat Bank Young Farmers Academy, continues to grow. The number of participants is approaching 200 who have successfully completed the “dairy cattle breeding” and “greenhousing” trainings which was organized by 6 universities cooperated within the scope of the project, and which has received more than 7 thousand applications to date,.

In the first six months of 2019, 7 groups of dairy cattle breeding, 2 groups of greenhousing trainings have been completed successfully and 1 group of greenhouse training is continuing.

**Risk Management**

Bank’s risk management operations, within the frame of BRSA legislations and Basel regulations, are targeted for the best risk management function by applying risk culture alongside the Bank and maintaining the improvement of employee quality and information technologies.

Risk management policy is identified as 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 "Credit Risk Management with Advanced Methods Project ", studies are being carried out to calculate credit risk with an internal rating-based approach. In the Project, the modelling of risk parameters and the creation of the data architecture to be used for the calculation of the risk weighted asset amount are completed and work on the modelling phase is continuing. In this context, identification of the Bank's Business Segments, , default definition studies with the preliminary data analysis and improvements have been completed. Statistical segment studies and default amount modeling studies are also in progress for the probability of default. Within the scope of the project, it is aimed to calculate credit risk parameters in line with Basel 3 advanced methods especially for capital appreciation and credit pricing processes.

**VII. Other Important Activities**

Ziraat Bank continues with its contributions to society. Ziraat Bank carries on activities aiming improvements of individuals and the society in fields such as culture, arts, education and sports. The Bank, which has completed projects that will contribute to the cultural background of the society, continues to carry the mission undertaken in the sense of social responsibility one step further every year.

Ziraat Bank, gave its name to the cup by sponsoring name right of Turkey Cup in 2018/2019 Football Season, as for previous 9 seasons.

Ziraat Bank announced two new products by publishing commercials for the Inflation-Indexed Interest Protected Time Deposit Account and Inflation Protected Deposit Account products.

For the last 155 years, Ziraat Bank has been providing continuous support to cultural and artistic areas by acting in the spirit of social sharing. In the framework of these values, as a part of social responsibility, Bank provided the necessary support to the health, education, culture service and sports activities in the second quarter of 2019.

Ziraat Bank has attached importance to art and artists since its establishment, under the motto of “In Art for Art” and continues to carry out various activities in all areas of the arts. A total of 8 exhibitions were opened in the Kuğulu Art Gallery in Ankara and the Istanbul Tunnel Art Gallery in the second quarter of 2019, which attracted more than 2 thousand visitors.

**SECTION SEVEN (Continued)**

**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)**

**VII. Other Important Activities (Continued)**

The Bank is committed to meeting the demands and expectations of its customers in the best possible way and keeps customer satisfaction at the highest level in every platform including social media. The Bank has reached the position of the most effective bank in the sector with Facebook as of second quarter of 2019, reaching over 2 million likes and with approximately 365 thousand followers on Twitter, over 156 thousand followers on Instagram and over 67 million views of YouTube page.

In the second quarter of 2019, in order to support SMEs and all non-SME enterprises that have an important role in increasing employment and production in Turkey and to ease the financial burden on enterprises, Economic Value Loan (EDK) product has been launched which is inflation-indexed and aims to add value to the economy by providing working capital support with CGF guarantee within the framework of Treasury Supported Surety System.

Currently, the size of Economy Value Loan facility exceeds TL 1.3 billion.

The "Momentum Finance Package" was put into action as a new product in order to meet the increasing demand by local production for raw material-intermediate goods and the machinery which are the driving forces of industrialization.

Within the scope of the new "Bankkart Başak Corporate Card project", which was implemented in the first quarter of 2019 and continued to develop rapidly in the second quarter, the Bank reached 416 thousand cards and a total risk balance of TL 2.4 billion as of the end of the second quarter.

Digital loan product that is offered within the Digital Transformation Programme framework continuing in the Bank has reached 573,5 million TL volume.

At the end of the second quarter of 2019, the Bank reached 11.9 million digital customers, 7.5 million active mobile banking users and 1.8 million active internet branch users.

As of the second quarter of 2019, the Bank has 476 thousand member merchants and 453 thousand terminals. The total turnover of Member Merchants in the second quarter was 28.8 billion and the market share of turnover in June was 11.7%.

Taking sectoral trends and Bank's dynamics into consideration, Ziraat Bank started a comprehensive payment systems development project at the end of 2016. The objectives of the project were defined as delivering card products with advanced technological infrastructure to a wide population, offering new product features and services which provide advantages to customers and conducting activities to make customer oriented process and infrastructure revisions at digital channels. Within the scope of this project, the bank's new card brand, Bankkart was launched in the first quarter of 2018. With the launch of Bankkart, number of credit cards, income from credit cards and its prevalence has improved rapidly. As of the end of the second quarter of 2019, the number of Ziraat Bank credit cards was 6,8 million, with the Bank commanding a 10,1% market share in terms of the number of credit cards and a 6,3% market share in terms of turnover. Number of bank cards has reached 34 million and the Bank has kept its industry leader position with a trade turnover market share of 19,8%.

The Combining Consumer Loan product was launched in the first quarter for customers who have difficulty in paying credit card debts at Ziraat Bank and other banks., With the facility which aims to expand the Bank's credit card customer base, increasing its market share and diversifying profitability on a customer basis in addition to making the financial structures of existing and new customers healthier and more manageable, TL 2.8 billion was extended to over 247 thousand customers in the second quarter.

As a part of efforts to extend the Bank's funding base, diversify and enrich funding products according to customer behavior and needs, Inflation-Indexed and Interest-Protected Deposit and Inflation-Protected Deposit products were offered to customers as of April 2019. With the products attracting great interest in the market, the Bank pioneered the sector and many banks started to offer Inflation-Indexed deposit products. At the end of June 2019, inflation indexed - interest protected accounts reached TL 14.5 billion with 148 thousands customers and inflation-protected accounts reached TL 1.7 billion with 23 thousands customers.

**SECTION SEVEN (Continued)**

**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)**

**VIII. Economic Outlook in the World and Turkey**

The second quarter of 2019 was a period where uncertainty regarding global trade policies persisted, global economic activity relatively slowed down, downside risks to inflation in developed economies became more pronounced and central banks of the leading developed countries expressed interest rate cuts in a bolder manner. US-Iran tensions and Brexit uncertainties have surpassed risk appetite, albeit to a limited extent, in the period we left behind.

The US economy started to feel the reflection of the significant weakening of global economic activity in the second quarter of 2019. With downside risks to the U.S. economy increasing, the FED has raised the prospect of going for a 25 basis points interest rate cut at least twice in 2019. Eurozone economies continued to slow down in the second quarter and primary indicators suggest that Germany, the region's largest economy, could contract in the second quarter. Therefore, the European Central Bank (ECB) is expected to increase its expansionary monetary policy stance and cut interest rates later this year. Since IMF President Christine Lagarde's name stands out as the successor of ECB President Mario Draghi, whose term of office expires in October, expectations that ECB's market-friendly policies may continue strengthens. Although Britain's exit from the European Union is delayed to October 31, the uncertainty of the process remains. While political uncertainty has increased with the resignation of British Prime Minister Theresa May, the fact that strong candidates aren't pro-deal Brexit increases the likelihood of the no-deal break up option.

The trade wars continue to adversely affect the global economy. While the US-China trade dispute has yet to be settled, the Washington Administration has continued its threats against Mexico and Europe as well. Although the Chinese side appears to be pursuing a patient policy despite Trump's requests, it seems difficult to reach a deal in the short term in the US-China trade discussion. The growing trend towards monetary expansion in developed countries has also raised the possibility of trade wars turning into currency wars. Despite the monetary and fiscal measures taken, the slowdown in the country's economy has continued as Chinese export orders are constrained. With tariffs imposed since the beginning of 2018, the countries that benefit the most from China's loss of tariffed products have been Taiwan, South Korea and Vietnam.

Turkey's economy, emerging from recession in the first quarter of 2019 continued its rebalancing trend in the second quarter with the effect of tight financial conditions. As of the second quarter of 2018, the rebalancing process that has become evident in the economy has been rather prolonged as Turkey has overtaken two elections in the first half of this year. This indicates that we will end the year with a growth figure below the 2.3% GDP growth targeted for this year in the NEP.

The current account balance continued to improve rapidly as a result of the continued contraction in the foreign trade deficit and the impact of the dynamic tourism sector in the second quarter and the cumulative current account balance for 12 months appears to have entered a surplus trend. A partial pressure on external demand can be seen if the economic slowdown trends observed in EU countries, which are our largest export partners, continue. According to the extent of the economic recovery, moderate levels in the current account balance are expected to continue for the rest of this year. The Turkish economy is prepared to implement “economic growth while in current account balance model” instead of the main model of “growth with current account deficit”.

A partial deterioration in budget balance was observed in the first half of the year, due to increase in spending and weak course of tax revenues. However, a gradual improvement in tax revenues is expected, with the expected moderate recovery in the economy and the removal of temporary tax cuts. In addition, it is thought that the saving-enhancing measures applied to control expenses and the positive performance in non-tax revenues will partially counterbalance the rise in the budget deficit.

With the trend of the TL's appreciation against the US dollar, the moderate course of oil prices and the base effect coming into play strongly in June, inflation has shown a positive outlook in the quarter we left behind. These developments have also improved end of year inflation forecasts and indicate that under current conditions, year-end inflation could be below the 15.9% target in The New Economy Program.

Towards the end of the second quarter, with the contribution of positive developments in contacts with the United States, the improvement in our risk premium has become evident. It is thought that continuation of the trend of improvement in the current account balance and inflation may support the recovery in our risk premium. In the light of these assessments, it is being observed that appreciation of TL and the continuation of the disinflation process will give the Central Bank room to maneuver in monetary policy.