

*(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 Nine-Month Period Ended 30 September 2018**  
**With Auditors' Review Report Thereon**  
*(Convenience Translation of Unconsolidated  
Financial Statements and Related Disclosures and Footnotes  
Originally Issued in Turkish)*

9 November 2018

*This report contains "Independent Auditors' Review Report"  
comprising 2 pages and; "Unconsolidated Financial  
Statements and Related Disclosures and Footnotes"  
comprising 121 pages.*

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

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

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

### *Introduction*

We have reviewed the accompanying unconsolidated statements of financial position of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. (the "Bank") as at 30 September 2018 and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial information for the nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of these interim financial information in accordance with the "Banking Regulation and Supervision Agency (BRSA) Accounting and Reporting Legislation" which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and Turkish Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by afore-mentioned legislations. Our responsibility is to express a conclusion on these interim financial statements based on our review.

### *Scope of review*

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

*Basis for the Qualified Conclusion*

As mentioned in Section Five II. Note 9.3.1 of Explanations and Notes to the Unconsolidated Financial Statements, the accompanying unconsolidated interim financial information as of 30 September 2018 include general provision of total TL 1.475.000 thousands, that had been fully recognized as expense in prior periods, which is provided by the Bank management for the possible effects of the negative circumstances which may arise in economy or market conditions.

*Qualified Conclusion*

Based on our review, except for the effect of the matter described in the basis for the qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial information do not presented fairly in all material respects, the financial position of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. at 30 September 2018, and its unconsolidated financial performance and its cash flows for the nine-month period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

*Report on other regulatory requirements arising from legislation*

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

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

Erdal Tıkmak, SMMM  
Partner

9 November 2018  
İstanbul, 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 financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the unconsolidated financial statements and IFRS.

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

**THE UNCONSOLIDATED FINANCIAL REVIEW REPORT OF  
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 30 SEPTEMBER 2018**

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

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

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

The accompanying unconsolidated financial statements and notes to these financial statements for nine 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  
Vice President of Treasury and  
International Banking

---

Serkan ÖZKAN  
Manager 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 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 SEPTEMBER 2018

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

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

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

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

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

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

The decision to increase the capital to TL 6.100.000 was approved by the Bank’s Ordinary General Assembly on 13 August 2018 and the capital increase and the related amendment to the articles of association of the Articles of Association were registered on 22 October 2018. It was announced in the Trade Registry Gazette No. 9688. The accounting for the capital increase was made on 9 November 2018 with the permission of BRSA.

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

Name	Administrative Function
<b>Members of the Board of Directors</b>	
Dr. Ahmet GENÇ <sup>(1)</sup>	Chairman
Hüseyin AYDIN	CEO and Member
Yusuf DAĞCAN	Vice Chairman and Member
Cemalettin BAŞLI	Member
Feyzi ÇUTUR	Member
Metin ÖZDEMİR	Member
Mahmut KAÇAR <sup>(2)</sup>	Member
Salim ALKAN	Member
Yusuf BİLMEZ	Member
<b>Audit Committee Members</b>	
Yusuf BİLMEZ <sup>(3)</sup>	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
Bülent SUER <sup>(4)</sup>	Internal Operations
Mehmet Cengiz GÖĞEBAKAN	Loan Policies
Musa ARDA	Loan Allocation and Management
Peyami Ömer ÖZDİLEK <sup>(5)</sup>	Human Resources
Süleyman TÜRETKEN	Retail Branch Banking-1
Yüksel CESUR	Internal Systems

(1) As of 31 August 2018, Dr. Ahmet Genç was appointed to replace Muharrem Karşlı and has started to work at the Ordinary General Assembly of the Bank held on 13 August 2018.

(2) As of 16 August 2018, Mahmut Kaçar was elected at the Ordinary General Assembly of the Bank held on 13 August 2018, and has been appointed.

(3) As of 14 August 2018, Yusuf Bilmez has been appointed as an Audit Committee Member

(4) Bülent Suer resigned from his position as the Assistant General Manager of Internal Operations on 22 October 2018.

(5) Peyami Ömer Özdilek resigned from his position as the Assistant General Manager of Human Resources and began his position as the Assistant General Manager of Internal Operations on 22 October 2018

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 SEPTEMBER 2018**

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

**SECTION ONE (Continued)**

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

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

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

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

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

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

As of 30 September 2018, Bank carries its activities with a grand total of 1.778 branches; 1.756 domestic branches including 20 corporate branches, 94 entrepreneurial branches, 1.637 branches and 5 mobile branches (31 December 2017: 1.759 domestic branches including 1.639 branches, 20 corporate branches, 95 entrepreneurial branches and 5 mobile branches) and 22 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 and Prizren branches in Kosovo, Bahrain branch in Bahrain, Lefkoşa, Girne, Güzelyurt, Gazimağusa, Gönyeli, Akdoğan, Karaoğlanoğlu and İskele branches in Turkish Republic of Northern Cyprus. The Bank also has 1 representative office in Tehran, Iran. The Bank has 24.440 employees (31 December 2017: 24.554).

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

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

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

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018**

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

**SECTION ONE (Continued)**

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

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

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

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

All other subsidiaries are fully consolidated.

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

None.



## **SECTION TWO**

### **Current Period Unconsolidated Financial Statements**

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

### **Prior Period Unconsolidated Financial Statements**

- I. Balance Sheet-Assets
- II. Balance Sheet- Equity and liabilities
- III. Off-balance sheet commitments
- IV. Income statement
- V. Statement of income and expense items accounted under shareholders' equity
- 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 SEPTEMBER 2018

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Note (Section Five I)	Current Period 30 September 2018		
			TL	FC	Total
<b>ASSETS</b>					
<b>I.</b>	<b>FINANCIAL ASSETS (NET)</b>		<b>68.457.391</b>	<b>77.947.947</b>	<b>146.405.338</b>
<b>1.1</b>	<b>Cash and Cash Equivalents</b>		<b>8.255.748</b>	<b>47.213.267</b>	<b>55.469.015</b>
1.1.1	Cash and Balances with Central Bank	(1)	7.354.604	41.868.826	49.223.430
1.1.2	Banks	(4)	901.144	5.344.441	6.245.585
1.1.3	Money Markets		-	-	-
<b>1.2</b>	<b>Financial Assets Measured at Fair Value Through Profit or Loss</b>	(2)	<b>27.707</b>	<b>6.877</b>	<b>34.584</b>
1.2.1	Government Securities		27.707	6.877	34.584
1.2.2	Equity Securities		-	-	-
1.2.3	Other Financial Assets		-	-	-
<b>1.3</b>	<b>Financial Assets Measured at Fair Value Through Other Comprehensive Income</b>	(5),(6)	<b>52.062.756</b>	<b>24.918.358</b>	<b>76.981.114</b>
1.3.1	Government Securities		51.950.602	24.415.707	76.366.309
1.3.2	Equity Securities		112.154	343.169	455.323
1.3.3	Other Financial Assets		-	159.482	159.482
<b>1.4</b>	<b>Financial Assets Measured at Amortised Cost</b>	(8)	<b>5.096.447</b>	<b>5.384.334</b>	<b>10.480.781</b>
1.4.1	Government Securities		4.981.768	5.382.894	10.364.662
1.4.2	Other Financial Assets		114.679	1.440	116.119
<b>1.5</b>	<b>Derivative Financial Assets</b>	(3)	<b>3.063.076</b>	<b>425.256</b>	<b>3.488.332</b>
1.5.1	Derivative Financial Assets Measured at Fair Value Through Profit or Loss		3.063.076	425.256	3.488.332
1.5.2	Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-
<b>1.6</b>	<b>Non-Performing Financial Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>1.7</b>	<b>Expected Credit Loss (-)</b>	(20)	<b>48.343</b>	<b>145</b>	<b>48.488</b>
<b>II.</b>	<b>LOANS (NET)</b>	(7)	<b>249.877.042</b>	<b>135.074.522</b>	<b>384.951.564</b>
<b>2.1</b>	<b>Loans</b>		<b>250.703.349</b>	<b>135.078.442</b>	<b>385.781.791</b>
2.1.1	Measured at Amortised Cost		250.703.349	135.078.442	385.781.791
2.1.2	Fair Value Through Profit or Loss		-	-	-
2.1.3	Fair Value Through Other Comprehensive Income		-	-	-
<b>2.2</b>	<b>Lease Receivables</b>	(12)	<b>-</b>	<b>-</b>	<b>-</b>
2.2.1	Financial Lease Receivables		-	-	-
2.2.2	Operating Lease Receivables		-	-	-
2.2.3	Unearned Income (-)		-	-	-
<b>2.3</b>	<b>Factoring Receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>
2.3.1	Measured at Amortised Cost		-	-	-
2.3.2	Fair Value Through Profit or Loss		-	-	-
2.3.3	Fair Value Through Other Comprehensive Income		-	-	-
<b>2.4</b>	<b>Non-Performing Loans</b>		<b>6.203.252</b>	<b>30.429</b>	<b>6.233.681</b>
<b>2.5</b>	<b>Expected Credit Loss (-)</b>		<b>7.029.559</b>	<b>34.349</b>	<b>7.063.908</b>
2.5.1	12 Month Expected Credit Losses (Stage I)		698.751	6.976	705.727
2.5.2	Significant Increase in Credit Risk (Stage II)		1.591.792	132	1.591.924
2.5.3	Credit-Impaired Losses (Stage III / Special Provision)		4.739.016	27.241	4.766.257
<b>III.</b>	<b>PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(16)	<b>1.089.934</b>	<b>-</b>	<b>1.089.934</b>
3.1	Held for Sale Purpose		1.089.934	-	1.089.934
3.2	Related to Discontinued Operations		-	-	-
<b>IV.</b>	<b>EQUITY INVESTMENTS</b>		<b>3.630.385</b>	<b>3.150.192</b>	<b>6.780.577</b>
<b>4.1</b>	<b>Investments in Associates (Net)</b>	(9)	<b>94.912</b>	<b>-</b>	<b>94.912</b>
4.1.1	Associates Valued Based on Equity Method		-	-	-
4.1.2	Unconsolidated Associates		94.912	-	94.912
<b>4.2</b>	<b>Subsidiaries (Net)</b>	(10)	<b>3.535.473</b>	<b>3.077.697</b>	<b>6.613.170</b>
4.2.1	Unconsolidated Financial Subsidiaries		3.529.236	3.077.697	6.606.933
4.2.2	Unconsolidated Non-Financial Subsidiaries		6.237	-	6.237
<b>4.3</b>	<b>Joint Ventures (Net)</b>	(11)	<b>-</b>	<b>72.495</b>	<b>72.495</b>
4.3.1	Joint Ventures Valued Based on Equity Method		-	-	-
4.3.2	Unconsolidated Joint Ventures		-	72.495	72.495
<b>V.</b>	<b>PROPERTY AND EQUIPMENT (Net)</b>	(17)	<b>5.039.823</b>	<b>13.521</b>	<b>5.053.344</b>
<b>VI.</b>	<b>INTANGIBLE ASSETS (Net)</b>		<b>544.258</b>	<b>14.995</b>	<b>559.253</b>
6.1	Goodwill		-	-	-
6.2	Other		544.258	14.995	559.253
<b>VII.</b>	<b>INVESTMENT PROPERTY (Net)</b>	(14)	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII.</b>	<b>CURRENT TAX ASSET</b>		<b>748</b>	<b>8</b>	<b>756</b>
<b>IX.</b>	<b>DEFERRED TAX ASSET</b>	(15)	<b>1.709.365</b>	<b>-</b>	<b>1.709.365</b>
<b>X.</b>	<b>OTHER ASSETS</b>		<b>2.463.778</b>	<b>2.980.039</b>	<b>5.443.817</b>
<b>TOTAL ASSETS</b>			<b>332.812.724</b>	<b>219.181.224</b>	<b>551.993.948</b>

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 30 SEPTEMBER 2018

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

II. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five II)	Current Period 30 September 2018		
		TL	FC	Total
<b>LIABILITIES AND EQUITY</b>				
<b>I. DEPOSITS</b>	(1)	178.994.036	166.022.855	345.016.891
<b>II. FUNDS BORROWED</b>	(3)	2.078.515	42.505.550	44.584.065
<b>III. MONEY MARKETS</b>	(4)	55.743.784	15.896.092	71.639.876
<b>IV. SECURITIES ISSUED (Net)</b>	(5)	1.934.809	14.221.913	16.156.722
4.1 Bills		1.934.809	127.156	2.061.965
4.2 Asset Backed Securities		-	-	-
4.3 Bonds		-	14.094.757	14.094.757
<b>V. FUNDS</b>		6.142.702	-	6.142.702
5.1 Borrower Funds		-	-	-
5.2 Other		6.142.702	-	6.142.702
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	(2)	1.421.665	642.001	2.063.666
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		1.421.665	642.001	2.063.666
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-
<b>VIII. FACTORING LIABILITIES</b>		-	-	-
<b>IX. LEASE LIABILITIES (Net)</b>	(7)	-	202	202
9.1 Financial Lease		-	204	204
9.2 Operating Lease		-	-	-
9.3 Other		-	-	-
9.4 Deferred Financial Lease Expenses ( - )		-	2	2
<b>X. PROVISIONS</b>	(9)	3.236.901	81.413	3.318.314
10.1 Restructuring Provisions		-	-	-
10.2 Reserve for Employee Benefits		1.333.896	-	1.333.896
10.3 Insurance Technical Provisions (Net)		-	-	-
10.4 Other Provisions		1.903.005	81.413	1.984.418
<b>XI. CURRENT TAX LIABILITY</b>	(10)	1.120.428	1.456	1.121.884
<b>XII. DEFERRED TAX LIABILITY</b>		-	-	-
<b>XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(11)	-	-	-
13.1 Held for Sale Purpose		-	-	-
13.2 Related to Discontinued Operations		-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>	(12)	-	-	-
14.1 Loans		-	-	-
14.2 Other Debt Instruments		-	-	-
<b>XV. OTHER LIABILITIES</b>	(6)	5.565.282	4.135.665	9.700.947
<b>XVI. SHAREHOLDERS' EQUITY</b>	(13)	55.513.281	(3.264.602)	52.248.679
16.1 Paid-in capital		5.600.000	-	5.600.000
16.2 Capital Reserves		(542)	-	(542)
16.2.1 Share Premium		-	-	-
16.2.2 Share Cancellation Profits		-	-	-
16.2.3 Other Capital Reserves		(542)	-	(542)
16.3 Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss		3.635.174	-	3.635.174
16.4 Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss		(3.353.697)	(3.264.602)	(6.618.299)
16.5 Profit Reserves		37.398.102	-	37.398.102
16.5.1 Legal Reserves		4.026.361	-	4.026.361
16.5.2 Status Reserves		-	-	-
16.5.3 Extraordinary Reserves		31.732.384	-	31.732.384
16.5.4 Other Profit Reserves		1.639.357	-	1.639.357
16.6 Profit or (Loss)		12.234.244	-	12.234.244
16.6.1 Prior Periods' Profit or (Loss)		6.590.771	-	6.590.771
16.6.2 Current Period Profit or (Loss)		5.643.473	-	5.643.473
16.7 Minority Interest		-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>311.751.403</b>	<b>240.242.545</b>	<b>551.993.948</b>

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AS OF 30 SEPTEMBER 2018

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

III.	STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period 30 September 2018		
			TL	FC	Total
<b>A</b>	<b>OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>91.999.526</b>	<b>237.037.798</b>	<b>329.037.324</b>
<b>I.</b>	<b>GUARANTEES AND WARRANTIES</b>	<b>(I)</b>	<b>37.560.092</b>	<b>96.739.532</b>	<b>134.299.624</b>
1.1	Letters of Guarantee		37.321.704	67.355.194	104.676.898
1.1.1	Guarantees Subject to State Tender Law		1.482.508	12.940.271	14.422.779
1.1.2	Guarantees Given for Foreign Trade Operations		31.295.473	53.012.048	84.307.521
1.1.3	Other Letters of Guarantee		4.543.723	1.402.875	5.946.598
1.2	Bank Acceptances		27.480	9.150.772	9.178.252
1.2.1	Import Letter of Acceptance		27.480	9.140.724	9.168.204
1.2.2	Other Bank Acceptances		-	10.048	10.048
1.3	Letters of Credit		210.908	20.233.566	20.444.474
1.3.1	Documentary Letters of Credit		210.908	20.171.424	20.382.332
1.3.2	Other Letters of Credit		-	62.142	62.142
1.4	Prefinancing Given as Guarantee		-	-	-
1.5	Endorsements		-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-
1.5.2	Other Endorsements		-	-	-
1.6	Purchase Guarantees on Marketable Security Issuance		-	-	-
1.7	Factoring Guarantees		-	-	-
1.8	Other Guarantees		-	-	-
1.9	Other Collaterals		-	-	-
<b>II.</b>	<b>COMMITMENTS</b>	<b>(I)</b>	<b>33.216.993</b>	<b>9.770.107</b>	<b>42.987.100</b>
2.1	Irrevocable Commitments		33.216.993	9.770.107	42.987.100
2.1.1	Asset Purchase and Sale Commitments		1.940.924	4.330.511	6.271.435
2.1.2	Deposit Purchase and Sales Commitments		-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-
2.1.4	Loan Granting Commitments		6.874.471	739	6.875.210
2.1.5	Securities Issue Brokerage Commitments		-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-
2.1.7	Commitments for Cheques		2.898.601	-	2.898.601
2.1.8	Tax and Fund Liabilities from Export Commitments		-	-	-
2.1.9	Commitments for Credit Card Limits		13.097.599	-	13.097.599
2.1.10	Commitments for Credit Cards and Banking Services Promotions		27.016	-	27.016
2.1.11	Receivables from Short Sale Commitments of Marketable Securities		-	-	-
2.1.12	Payables for Short Sale Commitments of Marketable Securities		-	-	-
2.1.13	Other Irrevocable Commitments		8.378.382	5.438.857	13.817.239
2.2	Revocable Commitments		-	-	-
2.2.1	Revocable Loan Granting Commitments		-	-	-
2.2.2	Other Revocable Commitments		-	-	-
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>21.222.441</b>	<b>130.528.159</b>	<b>151.750.600</b>
3.1	Hedging Derivative Financial Instruments		-	-	-
3.1.1	Transactions for Fair Value Hedge		-	-	-
3.1.2	Transactions for Cash Flow Hedge		-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-
3.2	Trading Transactions		21.222.441	130.528.159	151.750.600
3.2.1	Forward Foreign Currency Buy/Sell Transactions		3.887.675	11.827.897	15.715.572
3.2.1.1	Forward Foreign Currency Transactions-Buy		1.700.523	6.113.239	7.813.762
3.2.1.2	Forward Foreign Currency Transactions-Sell		2.187.152	5.714.658	7.901.810
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		17.247.966	118.608.248	135.856.214
3.2.2.1	Foreign Currency Swap-Buy		21.333	52.168.500	52.189.833
3.2.2.2	Foreign Currency Swap-Sell		17.226.633	34.316.686	51.543.319
3.2.2.3	Interest Rate Swap-Buy		-	16.061.531	16.061.531
3.2.2.4	Interest Rate Swap-Sell		-	16.061.531	16.061.531
3.2.3	Foreign Currency, Interest rate and Securities Options		86.800	92.014	178.814
3.2.3.1	Foreign Currency Options-Buy		43.400	46.007	89.407
3.2.3.2	Foreign Currency Options-Sell		43.400	46.007	89.407
3.2.3.3	Interest Rate Options-Buy		-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-
3.2.3.5	Securities Options-Buy		-	-	-
3.2.3.6	Securities Options-Sell		-	-	-
3.2.4	Foreign Currency Futures		-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-
3.2.5	Interest Rate Futures		-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-
3.2.6	Other		-	-	-
<b>B.</b>	<b>CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>1.282.361.833</b>	<b>228.220.357</b>	<b>1.510.582.190</b>
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>		<b>462.186.465</b>	<b>32.234.896</b>	<b>494.421.361</b>
4.1	Customer Fund and Portfolio Balances		-	-	-
4.2	Investment Securities Held in Custody		10.523.900	11.211.237	21.735.137
4.3	Checks Received for Collection		10.760.447	1.553.516	12.313.963
4.4	Commercial Notes Received for Collection		10.059.108	840.620	10.899.728
4.5	Other Assets Received for Collection		8.816	-	8.816
4.6	Assets Received for Public Offering		408.717.234	-	408.717.234
4.7	Other Items Under Custody		22.115.311	18.629.523	40.744.834
4.8	Custodians		1.649	-	1.649
<b>V.</b>	<b>PLEDGES RECEIVED</b>		<b>819.056.590</b>	<b>192.726.644</b>	<b>1.011.783.234</b>
5.1	Marketable Securities		1.748.224	763.306	2.511.530
5.2	Guarantee Notes		17.315.236	1.946.150	19.261.386
5.3	Commodity		1.085.366	96.608	1.181.974
5.4	Warranty		-	-	-
5.5	Immovable		717.303.237	128.444.609	845.747.846
5.6	Other Pledged Items		81.599.318	61.454.147	143.053.465
5.7	Pledged Items-Depository		5.209	21.824	27.033
<b>VI.</b>	<b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>1.118.778</b>	<b>3.258.817</b>	<b>4.377.595</b>
	<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>1.374.361.359</b>	<b>465.258.155</b>	<b>1.839.619.514</b>

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTH PERIOD ENDED 30  
SEPTEMBER 2018

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

IV. STATEMENT OF PROFIT OR LOSS			
	Note (Section Five IV)	Current Period 1 January-30 September 2018	Current Period 1 July-30 September 2018
<b>INCOME STATEMENT</b>			
<b>I. INTEREST INCOME</b>	(1)	<b>36.579.419</b>	<b>15.172.260</b>
1.1 Interest on Loans		29.197.826	11.537.333
1.2 Interest on Reserve Requirements		442.787	187.433
1.3 Interest on Banks		157.561	65.503
1.4 Interest on Money Market Transactions		22.479	8
1.5 Interest on Marketable Securities Portfolio		6.694.239	3.358.085
1.5.1 Fair Value Through Profit or Loss		2.165	1.447
1.5.2 Fair Value Through Other Comprehensive Income		6.055.449	2.994.880
1.5.3 Measured at Amortised Cost		636.625	361.758
1.6 Financial Lease Income		-	-
1.7 Other Interest Income		64.527	23.898
<b>II. INTEREST EXPENSE (-)</b>	(2)	<b>20.107.690</b>	<b>8.462.438</b>
2.1 Interest on Deposits		12.719.927	5.169.433
2.2 Interest on Funds Borrowed		1.054.405	498.815
2.3 Interest Expense on Money Market Transactions		5.396.113	2.469.144
2.4 Interest on Securities Issued		814.848	312.023
2.5 Other Interest Expenses		122.397	13.023
<b>III. NET INTEREST INCOME (I - II)</b>		<b>16.471.729</b>	<b>6.709.822</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>1.912.097</b>	<b>637.624</b>
4.1 Fees and Commissions Received		2.459.361	881.412
4.1.1 Non-cash Loans		451.233	165.374
4.1.2 Other	(11)	2.008.128	716.038
4.2 Fees and Commissions Paid		547.264	243.788
4.2.1 Non-cash Loans		589	366
4.2.2 Other		546.675	243.422
<b>V. PERSONNEL EXPENSE (-)</b>		<b>2.128.474</b>	<b>690.142</b>
<b>VI. DIVIDEND INCOME</b>		<b>290.376</b>	<b>15.268</b>
<b>VII. TRADING INCOME /(LOSS) (Net)</b>	(3)	<b>(3.212.705)</b>	<b>(1.550.235)</b>
7.1 Trading Gains / (Losses) on Securities		3.735	584
7.2 Gains / (Losses) on Derivative Financial Transactions		(2.219.321)	(1.012.991)
7.3 Foreign Exchange Gains / (Losses)		(997.119)	(537.828)
<b>VIII. OTHER OPERATING INCOME</b>	(4)	<b>655.783</b>	<b>209.896</b>
<b>IX. GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)</b>		<b>13.988.806</b>	<b>5.332.233</b>
<b>X. EXPECTED CREDIT LOSS (-)</b>	(5)	<b>3.165.272</b>	<b>1.843.613</b>
<b>XI. OTHER OPERATING EXPENSES (-)</b>	(6)	<b>3.563.798</b>	<b>1.260.988</b>
<b>XII. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>7.259.736</b>	<b>2.227.632</b>
<b>XIII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		-	-
<b>XV. INCOME/(LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XVI. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)</b>	(7)	<b>7.259.736</b>	<b>2.227.632</b>
<b>XVII. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	(8)	<b>(1.616.263)</b>	<b>(537.245)</b>
17.1 Current Tax Provision		(1.415.585)	(404.726)
17.2 Deferred Tax Income Effect (+)		(2.266.116)	(1.413.322)
17.3 Deferred Tax Expense Effect (-)		2.065.438	1.280.803
<b>XVIII. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)</b>	(9)	<b>5.643.473</b>	<b>1.690.387</b>
<b>XIX. INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
19.1 Income from Non-current Assets Held for Sale		-	-
19.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
19.3 Income from Other Discontinued Operations		-	-
<b>XX. EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>		-	-
20.1 Expenses for Non-current Assets Held for Sale		-	-
20.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3 Expenses for Other Discontinued Operations		-	-
<b>XXI. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)</b>		-	-
<b>XXII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-
22.1 Current Tax Provision		-	-
22.2 Deferred Tax Expense Effect (+)		-	-
22.3 Deferred Tax Income Effect (-)		-	-
<b>XXIII. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)</b>		-	-
<b>XXIV. NET PROFIT/(LOSS) (XVIII+XXIII)</b>	(10)	<b>5.643.473</b>	<b>1.690.387</b>
24.1 Profit/(Loss) from the Group		5.643.473	1.690.387
24.2 Profit/(Loss) from Minority Interest		-	-
Earning/(Loss) per share (in TL full)		1,008	0,302

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2018**

(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 September 2018</b>
<b>I. CURRENT PERIOD PROFIT/LOSS</b>	<b>5.643.473</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>(5.651.241)</b>
2.1 Not Reclassified to Profit or Loss	(104.232)
2.1.1 Property and Equipment Revaluation Increase/Decrease	(86.456)
2.1.2 Intangible Assets Revaluation Increase/Decrease	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain/Loss	(30.763)
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	12.987
2.2 Reclassified to Profit or Loss	(5.547.009)
2.2.1 Foreign Currency Translation Differences	-
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(6.767.351)
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	1.220.342
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>(7.768)</b>

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2018

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share certificate Cancel profits	Other capital reserves	Other Accumulated Comprehensive Income			Other Accumulated Comprehensive Income			Profit Reserves	Prior period net profit/(loss)	Current period net profit /(loss)	Total
					That Will Not Be Reclassified to Profit or Loss			That Will Be Reclassified to Profit or Loss						
					Tangible and Intangible Assets Revaluation Reserve	Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans	Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)	Exchange Differences on Translation	Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income	Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)				
<b>Current Period 30 September 2018</b>														
I. Balance at the beginning of the period	5.600.000	-	-	(252)	3.858.888	(119.482)	-	-	52.906	17.388	29.660.259	7.940.121	-	47.009.828
II. Adjustment in accordance with TMS 8	-	-	-	-	-	-	-	-	2.402	-	-	5.518.877	-	5.521.279
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	2.402	-	-	5.518.877	-	5.521.279
III. New balance (I+II)	5.600.000	-	-	(252)	3.858.888	(119.482)	-	-	55.308	17.388	29.660.259	13.458.998	-	52.531.107
IV. Total comprehensive income (loss)	-	-	-	-	(78.596)	(25.636)	-	-	(5.547.009)	-	-	-	5.643.473	(7.768)
V. Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase (decrease) through other changes, equity	-	-	-	(290)	-	-	-	-	(1.143.986)	-	77.722	1.071.894	-	5.340
XI. Profit distribution	-	-	-	-	-	-	-	-	-	-	7.660.121	(7.940.121)	-	(280.000)
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	(280.000)	-	(280.000)
11.2 Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	7.660.121	(7.660.121)	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the End of the Year (III+IV+.....+X+XI)	5.600.000	-	-	(542)	3.780.292	(145.118)	-	-	(6.635.687)	17.388	37.398.102	6.590.771	5.643.473	52.248.679

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER  
2018

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

VII. STATEMENT OF CASH FLOWS		Note (Section Five VI)	Current Period 1 January-30 September 2018
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>		
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		(2.244.050)
1.1.1	Interest Received		30.116.954
1.1.2	Interest Paid		(18.557.767)
1.1.3	Dividend Received		290.376
1.1.4	Fees and Commissions Received		2.454.085
1.1.5	Other Income		655.784
1.1.6	Collections from Previously Written-off Loans and Other Receivables		810.511
1.1.7	Payments to Personnel and Service Suppliers		(2.410.842)
1.1.8	Taxes Paid		(1.698.395)
1.1.9	Other		(13.904.756)
1.2	Changes in Operating Assets and Liabilities		22.508.580
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		(21.022)
1.2.2	Net (increase) / decrease in due from banks and other financial institutions		(3.055.102)
1.2.3	Net (increase) / decrease in loans		(81.582.104)
1.2.4	Net (increase) / decrease in other assets		(6.207.665)
1.2.5	Net increase / (decrease) in bank deposits		33.978.483
1.2.6	Net increase / (decrease) in other deposits		58.817.047
1.2.7	Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss		1.515.897
1.2.8	Net increase / (decrease) in funds borrowed		15.214.906
1.2.9	Net increase / (decrease) in payables		-
1.2.10	Net increase / (decrease) in other liabilities		3.848.140
<b>I.</b>	<b>Net Cash Provided from Banking Operations</b>		<b>20.264.530</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
<b>II.</b>	<b>Net Cash Provided from Investing Activities</b>		<b>(17.782.981)</b>
2.1	Cash paid for acquisition of investments, associates and subsidiaries		(770.211)
2.2	Cash obtained from disposal of investments, associates and subsidiaries		-
2.3	Purchases of property and equipment		(32.290)
2.4	Disposals of property and equipment		95.493
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(22.752.644)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income		8.338.322
2.7	Purchase of Financial Assets Measured at Amortised Cost		(3.109.045)
2.8	Sale of Financial Assets Measured at Amortised Cost		2.804.902
2.9	Other		(2.357.508)
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III.</b>	<b>Net Cash Provided from Financing Activities</b>		<b>617.240</b>
3.1	Cash Obtained from Funds Borrowed and Securities Issued		8.610.557
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(7.993.072)
3.3	Issued Equity Instruments		-
3.4	Dividends Paid		-
3.5	Payments for Finance Leases		(245)
3.6	Other		-
<b>IV.</b>	<b>Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>4.071.994</b>
<b>V.</b>	<b>Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)</b>		<b>7.170.783</b>
<b>VI.</b>	<b>Cash and Cash Equivalents at the Beginning of the Period</b>		<b>13.015.679</b>
<b>VII.</b>	<b>Cash and Cash Equivalents at the End of the Period</b>		<b>20.186.462</b>

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Note (Section Five I)	Prior Period 31 December 2017		
			TL	FC	Total
<b>ASSETS</b>					
<b>I.</b>	<b>CASH BALANCES WITH THE CENTRAL BANK OF TURKEY</b>	(21)	4.970.977	39.297.687	44.268.664
<b>II.</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)</b>	(22)	888.200	515.682	1.403.882
2.1	Financial Assets Held for Trading		888.200	515.682	1.403.882
2.1.1	Public Sector Debt Securities		8.184	5.134	13.318
2.1.2	Securities Representing a Share in Capital		-	-	-
2.1.3	Derivative Financial Assets Held for Trading	(23)	880.016	510.548	1.390.564
2.1.4	Other Marketable Securities		-	-	-
2.2	Financial Assets at Fair Value Through Profit or Loss		-	-	-
2.2.1	Public Sector Debt Securities		-	-	-
2.2.2	Securities Representing a Share in Capital		-	-	-
2.2.3	Loans		-	-	-
2.2.4	Other Marketable Securities		-	-	-
<b>III.</b>	<b>BANKS</b>	(24)	798.732	3.504.017	4.302.749
<b>IV.</b>	<b>MONEY MARKET PLACEMENTS</b>		-	-	-
4.1	Interbank Money Market Placements		-	-	-
4.2	Istanbul Stock Exchange Money Market Placements		-	-	-
4.3	Receivables from Reverse Repurchase Agreements		-	-	-
<b>V.</b>	<b>FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	(25),(26)	45.444.531	17.574.244	63.018.775
5.1	Securities Representing a Share in Capital		112.788	844.158	956.946
5.2	Public Sector Debt Securities		45.331.743	16.629.561	61.961.304
5.3	Other Marketable Securities		-	100.525	100.525
<b>VI.</b>	<b>LOANS AND RECEIVABLES</b>	(27)	221.859.779	76.398.253	298.258.032
6.1	Loans and Receivables		221.634.293	76.398.253	298.032.546
6.1.1	Loans Granted to Risk Group of The Bank		4.854	1.617.844	1.622.698
6.1.2	Public Sector Debt Securities		-	-	-
6.1.3	Other		221.629.439	74.780.409	296.409.848
6.2	Loans under Follow-up		4.755.226	19.103	4.774.329
6.3	Specific Provisions (-)		4.529.740	19.103	4.548.843
<b>VII.</b>	<b>FACTORING RECEIVABLES</b>		-	-	-
<b>VIII.</b>	<b>INVESTMENTS HELD TO MATURITY (Net)</b>	(28)	2.833.728	4.762.159	7.595.887
8.1	Public Sector Debt Securities		2.727.442	4.761.212	7.488.654
8.2	Other Marketable Securities		106.286	947	107.233
<b>IX.</b>	<b>INVESTMENTS IN ASSOCIATES (Net)</b>	(29)	94.912	-	94.912
9.1	Accounted with Equity Method		-	-	-
9.2	Unconsolidated Associates		94.912	-	94.912
9.2.1	Financial Associates		88.846	-	88.846
9.2.2	Non-financial Associates		6.066	-	6.066
<b>X.</b>	<b>INVESTMENTS IN SUBSIDIARIES (Net)</b>	(30)	3.035.473	2.109.014	5.144.487
10.1	Unconsolidated Financial Subsidiaries		3.029.236	2.109.014	5.138.250
10.2	Unconsolidated Non-Financial Subsidiaries		6.237	-	6.237
<b>XI.</b>	<b>ENTITIES UNDER COMMON CONTROL (Net)</b>	(31)	-	72.495	72.495
11.1	Accounted with Equity Method		-	-	-
11.2	Unconsolidated Entities Under Common Control		-	72.495	72.495
11.2.1	Financial Entities Under Common Control		-	72.495	72.495
11.2.2	Non Financial Entities Under Common Control		-	-	-
<b>XII.</b>	<b>RECEIVABLES FROM LEASING TRANSACTIONS</b>	(32)	-	-	-
12.1	Finance Lease Receivables		-	-	-
12.2	Operating Lease Receivables		-	-	-
12.3	Other		-	-	-
12.4	Unearned Income (-)		-	-	-
<b>XIII.</b>	<b>DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES</b>	(33)	-	-	-
13.1	Fair Value Hedges		-	-	-
13.2	Cash Flow Hedges		-	-	-
13.3	Hedges for Investments Made in Foreign Countries		-	-	-
<b>XIV.</b>	<b>TANGIBLE ASSETS (Net)</b>	(37)	5.233.467	7.304	5.240.771
<b>XV.</b>	<b>INTANGIBLE ASSETS (Net)</b>		428.403	8.230	436.633
15.1	Goodwill		-	-	-
15.2	Other		428.403	8.230	436.633
<b>XVI.</b>	<b>REAL ESTATES FOR INVESTMENT PURPOSE (Net)</b>	(34)	-	-	-
<b>XVII.</b>	<b>TAX ASSET</b>		815	115	930
17.1	Current Tax Asset		815	115	930
17.2	Deferred Tax Asset	(35)	-	-	-
<b>XVIII.</b>	<b>ASSETS HELD FOR SALE AND ASSETS HELD FROM DISCONTINUED OPERATIONS (Net)</b>	(36)	670.215	-	670.215
18.1	Held for Sale		670.215	-	670.215
18.2	Held from Discontinued Operations		-	-	-
<b>XIX.</b>	<b>OTHER ASSETS</b>		2.570.007	1.196.070	3.766.077
<b>TOTAL ASSETS</b>			288.829.239	145.445.270	434.274.509

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

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

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

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

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

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

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

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
UNCONSOLIDATED STATEMENT OF INCOME AS OF 30 SEPTEMBER 2017  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)**

<b>IV. STATEMENT OF INCOME</b>				
<b>INCOME AND EXPENSE ITEMS</b>		<b>Note (Section Five IV)</b>	<b>Prior Period 1 January-30 September 2017</b>	<b>Prior Period 1 July-30 September 2017</b>
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(12)</b>	<b>25.628.870</b>	<b>8.805.878</b>
1.1	Interest Income from Loans		20.440.169	7.374.725
1.2	Interest Income from Reserve Deposits		273.235	107.714
1.3	Interest Income from Banks		94.612	38.593
1.4	Interest Income from Money Market Placements		296.772	47.959
1.5	Interest Income from Marketable Securities		4.478.375	1.226.368
1.5.1	Financial Assets Held for Trading		1.833	181
1.5.2	Financial Assets at Fair Value through Profit and Loss		-	-
1.5.3	Financial Assets Available-for-Sale		3.997.420	1.103.459
1.5.4	Investments Held-to-Maturity		479.122	122.728
1.6	Finance Lease Income		-	-
1.7	Other Interest Income		45.707	10.519
<b>II.</b>	<b>INTEREST EXPENSES</b>	<b>(13)</b>	<b>13.373.591</b>	<b>4.943.334</b>
2.1	Interest Expense on Deposits		8.777.794	3.218.898
2.2	Interest on Borrowings		484.124	182.954
2.3	Interest on Money Market Borrowings		3.607.155	1.336.894
2.4	Interest on Marketable Securities Issued		442.246	184.616
2.5	Other Interest Expense		62.272	19.972
<b>III.</b>	<b>NET INTEREST INCOME/EXPENSES (I - II)</b>		<b>12.255.279</b>	<b>3.862.544</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>1.602.936</b>	<b>547.558</b>
4.1	Fees and Commissions Received		1.931.057	667.305
4.1.1	Non-cash Loans		336.579	118.958
4.1.2	Other	(11)	1.594.478	548.347
4.2	Fees and Commissions Paid		328.121	119.747
4.2.1	Non-cash Loans		296	101
4.2.2	Other		327.825	119.646
<b>V.</b>	<b>DIVIDEND INCOME</b>		<b>283.827</b>	<b>273.962</b>
<b>VI.</b>	<b>TRADING PROFIT/LOSS (Net)</b>	<b>(14)</b>	<b>(346.796)</b>	<b>(338.408)</b>
6.1	Profit/Loss from Capital Market Operations		34.313	3.275
6.2	Profit/losses on Derivative Financial Transactions		(501.887)	(317.430)
6.3	Profit/Loss from Foreign Exchanges		120.778	(24.253)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(15)</b>	<b>1.037.557</b>	<b>303.363</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOMES/EXPENSES (III+IV+V+VI+VII)</b>		<b>14.832.803</b>	<b>4.649.019</b>
<b>IX.</b>	<b>PROVISION FOR LOSSES ON LOANS OR OTHER RECEIVABLES (-)</b>		<b>1.794.142</b>	<b>397.811</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES(-)</b>	<b>(16)</b>	<b>4.824.777</b>	<b>1.586.182</b>
<b>XI.</b>	<b>NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>8.213.884</b>	<b>2.665.026</b>
<b>XII.</b>	<b>GAINS RECORDED AFTER MERGER</b>		-	-
<b>XIII.</b>	<b>PROFIT/LOSS ON EQUITY METHOD APPLIED SUBSIDIARIES</b>		-	-
<b>XIV.</b>	<b>GAIN/LOSS ON NET MONETARY POSITION</b>		-	-
<b>XV.</b>	<b>INCOME BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>	<b>(17)</b>	<b>8.213.884</b>	<b>2.665.026</b>
<b>XVI.</b>	<b>PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	<b>(18)</b>	<b>(1.706.745)</b>	<b>(494.263)</b>
16.1	Current Tax Provision		(1.877.329)	(634.725)
16.2	Deferred Tax Provision		170.584	140.462
<b>XVII.</b>	<b>NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)</b>	<b>(19)</b>	<b>6.507.139</b>	<b>2.170.763</b>
<b>XVIII.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
18.1	Income from Non-current Assets Held for Sale		-	-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)		-	-
18.3	Other Income from Discontinued Operations		-	-
<b>XIX.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-
19.1	Expenses for Non-current Assets Held for Sale		-	-
19.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)		-	-
19.3	Other Expenses from Discontinued Operations		-	-
<b>XX.</b>	<b>PROFIT /LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>		-	-
<b>XXI.</b>	<b>PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)</b>		-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
<b>XXII.</b>	<b>NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		-	-
<b>XXIII.</b>	<b>NET PROFIT/LOSSES (XVII+XXII)</b>	<b>(20)</b>	<b>6.507.139</b>	<b>2.170.763</b>
	Earnings per Share (Full TL)		1,162	0,312

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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER  
SHAREHOLDERS' EQUITY AS OF 30 SEPTEMBER 2017**

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

V. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY	Prior Period 1 January-30 September 2017
<b>PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY</b>	
<b>I. ADDITIONS TO THE MARKETABLE SECURITY VALUATION DIFFERENCES ON AVAILABLE FOR SALE FINANCIAL ASSETS</b>	<b>1.342.905</b>
<b>II. TANGIBLE ASSETS REVALUATION DIFFERENCES</b>	<b>(59.176)</b>
<b>III. INTANGIBLE ASSETS REVALUATION DIFFERENCES</b>	<b>-</b>
<b>IV. CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS</b>	<b>24.840</b>
<b>V. PROFIT OR LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Differences)</b>	<b>-</b>
<b>VI. PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)</b>	<b>-</b>
<b>VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS</b>	<b>-</b>
<b>VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS</b>	<b>(45.558)</b>
<b>IX. DEFERRED TAXES RELATED TO VALUATION DIFFERENCES</b>	<b>(256.511)</b>
<b>X. NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)</b>	<b>1.006.500</b>
<b>XI. CURRENT YEAR PROFIT/LOSS</b>	<b>6.507.139</b>
11.1 Net change in fair value of marketable securities (transfer to profit-loss)	34.313
11.2 Reclassification of cash flow hedge transactions and presentation of the related under income statement	-
11.3 Reclassification of foreign net investment hedge transactions and presentation of the related part under income statement	-
11.4 Other	6.472.826
<b>XII. TOTAL PROFIT/LOSS RELATED TO THE PERIOD (X±XI)</b>	<b>7.513.639</b>

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 30 SEPTEMBER 2017  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

VI. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																		
30 September 2017		Note (Section Five V)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Cancell. Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/(Loss)	Marketable Sec. Valuation Differences	Rev. Diff. in Tangible and Intang. Assets	Bonus Shares from Investments	Hedging Funds	Rev. Diff. in Tangible Held for Sale/Disc. Operat.	Total Equity
I.	Balance at the Beginning of the Period		5.100.000	-	-	3.203.305	-	-	18.052.605	1.346.993	-	7.482.765	(998.484)	4.177.866	17.388	-	-	38.382.438
	Changes During the Period																	
II.	Increase/Decrease Related to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	1.074.324	-	-	-	-	1.074.324
IV.	Hedging Funds (Active Part)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash-Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation Differences of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	(56.217)	-	-	-	(56.217)
VI.	Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares of Associates, Subsidiaries and Entities under Common Control (Business Partners)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	24.840	-	-	-	-	24.840
IX.	Changes Resulted from Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes Resulted from Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of Changes in Shareholders' Equity of Associates to the Bank's Shareholders' Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Increase in Capital		500.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	500.000
12.1	Cash		500.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	500.000
12.2	From Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Issuance of Share Certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Adjustment to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-	-	(36.447)	-	-	-	-	-	-	-	(36.447)
XVII.	Net Profit or Losses		-	-	-	-	-	-	-	-	6.507.139	-	-	-	-	-	-	6.507.139
XVIII.	Profit Distribution		-	-	-	401.050	-	-	6.557.597	-	-	(7.482.765)	-	-	-	-	-	(524.118)
18.1	Dividend Distributed		-	-	-	-	-	-	-	-	-	(524.118)	-	-	-	-	-	(524.118)
18.2	Transfers to Legal Reserves		-	-	-	401.050	-	-	6.557.597	-	-	(6.958.647)	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balance at the end of the period (I+II+III+.....+ XVI+XVII+XVIII)		5.600.000	-	-	3.604.355	-	-	24.610.202	1.310.546	6.507.139	-	100.680	4.121.649	17.388	-	-	45.871.959

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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF CASH FLOWS AS OF 30 SEPTEMBER 2017**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

<b>VII. STATEMENT OF CASH FLOWS</b>		<b>Note (Section Five VI)</b>	<b>Prior Period 1 January-30 September 2017</b>
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>		
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		5.941.017
1.1.1	Interest Received		23.554.179
1.1.2	Interest Paid		(12.866.180)
1.1.3	Dividend Received		280.827
1.1.4	Fees and Commissions Received		1.926.005
1.1.5	Other Income		874.143
1.1.6	Collections from Previously Written-off Loans and Other Receivables		1.255.756
1.1.7	Payments to Personnel and Service Suppliers		(2.093.966)
1.1.8	Taxes Paid		(2.082.037)
1.1.9	Other		(4.907.710)
1.2	Changes in Operating Assets and Liabilities		(9.898.644)
1.2.1	Net (Increase)/Decrease in Trading Securities		4.432
1.2.2	Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets		-
1.2.3	Net (Increase)/Decrease in Banks		398.491
1.2.4	Net (Increase)/Decrease in Loans		(46.263.438)
1.2.5	Net (Increase)/Decrease in Other Assets		(1.804.952)
1.2.6	Net Increase/(Decrease) in Bank Deposits		7.880.735
1.2.7	Net Increase/(Decrease) in Other Deposits		24.725.679
1.2.8	Net Increase/(Decrease) in Funds Borrowed		2.808.669
1.2.9	Net Increase/(Decrease) in Payables		-
1.2.10	Net Increase/(Decrease) in Other Liabilities		2.351.740
<b>I.</b>	<b>Net Cash Provided from Banking Operations</b>		<b>(3.957.627)</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
<b>II.</b>	<b>Net Cash Provided from Investing Activities</b>		<b>(1.791.528)</b>
2.1	Cash Paid for Purchase of Associates, Subsidiaries and Entities under Common Control		(532.078)
2.2	Cash Obtained from Sale of Associates, Subsidiaries and Entities under Common Control		-
2.3	Fixed Assets Purchases		(134.343)
2.4	Fixed Assets Sales		34.928
2.5	Cash Paid for Purchase of Financial Assets Available for Sale		(12.456.111)
2.6	Cash Obtained from Sale of financial Assets Available for Sale		10.725.485
2.7	Cash Paid for Purchase of Investment Securities		(307.555)
2.8	Cash Obtained from Sale of Investment Securities		2.022.709
2.9	Other		(1.144.563)
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III.</b>	<b>Net Cash Provided from Financing Activities</b>		<b>5.456.548</b>
3.1	Cash Obtained from Funds Borrowed and Securities Issued		7.484.033
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(2.277.100)
3.3	Issued Equity Instruments		500.000
3.4	Dividends Paid		(250.000)
3.5	Payments for Finance Leases		(385)
3.6	Other		-
<b>IV.</b>	<b>Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>528.589</b>
<b>V.</b>	<b>Net (Decrease)/ Increase in Cash and Cash Equivalents (I+II+III+IV)</b>		<b>235.982</b>
<b>VI.</b>	<b>Cash and Cash Equivalents at the Beginning of the Period</b>		<b>15.566.483</b>
<b>VII.</b>	<b>Cash and Cash Equivalents at the End of the Period</b>		<b>15.802.465</b>

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

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

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

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(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 as modified in accordance with inflation adjustments applied except for the financial assets and liabilities carried at fair value.

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

Except for the seventh section, all balances in the financial statements and footnotes are expressed in Thousand Turkish Lira (“TL”).

**CHANGES IN ACCOUNTING POLICIES**

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

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



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**SECTION THREE (Continued)**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

The foreign currency denominated capital amounts and valuation differences are translated into TL at the exchange rates prevailing at the date of the appraisal and are presented in the financial statements.

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

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

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

Investments in subsidiaries and joint ventures operating in foreign countries and monitored in foreign currency are followed with their fair values. The valuation reports prepared for the aforementioned partnerships are determined at fair value and as of the valuation date are accounted under the shareholders’ equity.

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**SECTION THREE (Continued)**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

Derivative financial instruments of the Bank are classified under "IFRS 9 Financial Instruments 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 values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

Liabilities and receivables arising from the derivative instruments are recognized in the off-balance sheet accounts from 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 assests 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 on the date they are collected.

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

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

**VII. EXPLANATIONS ON FINANCIAL ASSETS**

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

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

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

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

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**SECTION THREE (Continued)**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

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

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

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

**Financial Assets Measured at Amortized Cost**

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

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

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

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

**SECTION THREE (Continued)**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**Loans**

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

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

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

**Impairment**

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

The expected credit loss model includes instruments that are recorded at amortized cost or at fair value in other comprehensive income tables (such as bank deposits, loans and 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 also the following aspects are important for the measurement.

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

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

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

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

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

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

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

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**SECTION THREE (Continued)**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**Impairment (Continued)**

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

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

The collective valuation of financial instruments is based on homogeneous group assets resulting from portfolio segmentation based on similar credit risk and product characteristics. This section presents an overview of the risk parameter estimation methods for the damage assessment approach that is expected on a common basis for each stage.

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

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

**VIII. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS**

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

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**SECTION THREE (Continued)**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

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

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

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

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

**SECTION THREE (Continued)**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

**XII. EXPLANATIONS ON PROPERTY AND EQUIPMENT**

Tangible assets are measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. As of 31 January 2014 the Bank has changed its accounting policies and has decided to pursue the real estates registered in its portfolio at fair values. In this context, for all real estates registered in the Bank’s inventory, appraisal study was carried by independent expertise companies, and from 31 December 2016 valuation results are reflected in the accounting records. As a result of the fair valuation of the real estates, TL 3.780.292 net is followed under shareholders’ equity as of 30 September 2018. As of 30 January 2014, the net book amount of real estates of the tangible assets before valuation was TL 816.950.

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

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

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

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

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

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

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**SECTION THREE (Continued)**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XIII. EXPLANATIONS ON LEASING TRANSACTIONS**

**Financial Lease**

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

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

**Operational Lease**

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

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

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

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

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

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

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



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

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**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018**

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

**SECTION THREE (Continued)**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**Employment Termination and Vacation Benefits**

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

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

The Bank uses independent actuaries in determining liability, and also makes assumptions about issues such as discount rate and inflation. These assumptions are reviewed on an ninth month basis. As of 30 September 2018, retirement benefit obligation is TL 914.741 (31 December, 2017: TL 813.548).

	<b>Current Period 30.09.2018</b>	<b>Prior Period 31.12.2017</b>
Discount Rate	14,00%	12,10%
Inflation	11,10%	8,90%

Communiqué on “Turkish Accounting Standard (TAS19) about Benefits for Employee (No:9)” published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority (“POA”) on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2012 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. Actuarial loss amounting to TL 145.119 was classified as “Other Reserves” under shareholders’ equity in the financials.

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

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

**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)**

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

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

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

**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)**

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

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

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

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

**XVI. EXPLANATIONS ON TAXATION**

**Current Tax**

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

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

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

According to 5.1.e. article of Corporation Tax Law which is important tax exemption that is applied by banks, corporations’ 50% of revenues that occur from selling of their real estates, are in assets, that belong to the corporations at least two years (730 days), 75% of revenues that occur from selling their founding bonds that are belong to the corporations as long as time of participation stocks, redeemed shares and option to call are exempted from Corporation Tax. (It was changed with 89th article of code 7061 that entries into force in 5 December 2017. According to dated 23 December 2017 3rd article of Corporation Tax Code (CTC) 14 annunciation this exemption will apply as ratio of 75% for selling that made till the 5 December 2017, after this date it will apply as ratio of 50%.)

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

Taxes which does not accrue on time because the applying exemption for the transfer of the 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)**

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

**Current Tax (Continued)**

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

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

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

**Deferred Tax**

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

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

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

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

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

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

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

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**SECTION THREE (Continued)**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVII. EXPLANATIONS ON BORROWINGS**

The Bank accounts its debt instruments in accordance with TFRS 9 "Financial Instruments: Recognition and Measurement". In the following periods, all financial liabilities are carried at amortized cost by using the internal rate of return method. The Bank has no borrowings that require hedging techniques for accounting and revaluation of debt instruments and liabilities representing the borrowings.

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

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

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

The decision to increase the capital to TL 6.100.000 was approved by the Bank's Ordinary General Assembly held on 13 August 2018, and the capital increase and the related amendment to the articles of association of the Articles of Association were registered on 22 October 2018. It was announced in the Trade Registry Gazette No. 9688. The accounting for this capital increase was made on 9 November 2018 with the permission of BRSA.

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

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

**XX. EXPLANATIONS ON GOVERNMENT GRANTS**

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

**XXI. CASH AND CASH EQUIVALENTS**

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

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

**XXII. EXPLANATIONS ON SEGMENT REPORTING**

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

**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)**

**XXIII. EXPLANATIONS ON OTHER MATTERS**

*Explanations on profit distribution*

In accordance with the decision taken in the General Assembly of the year 2017, which was carried out on 13 August 2018, from TL 7.940.121 net profit, TL 397.006 is transferred to first legal reserve and TL 25.000 was transferred to second legal reserve. TL 280.000 was paid to shareholder as a first dividend and TL 250.000 was paid to employees as an additional payment. 50% of the sales revenue of the real estates sold in 2017 is TL 77.722 thousand and transferred to Other Reserves for monitoring in a special fund account. Within this framework, it has been decided to keep TL 7.160.393 of the profit within the Bank.

**TFRS 9 Financial Instruments Standart**

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

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

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

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

**Reconciliation of statement of financial position balances to TFRS 9**

ASSETS	31 December 2017	TFRS-9 Reclassification n impact	TFRS-9 Remeasurement impact	1 January 2018
<b>FINANCIAL ASSETS (Net)</b>	<b>120.589.957</b>	<b>(92.235)</b>	<b>75.528</b>	<b>120.573.251</b>
Cash and cash equivalents	48.571.413	-	-	48.571.413
Cash and balances at Central Bank	44.268.664	-	-	44.268.664
Banks	4.302.749	-	-	4.302.749
Receivables from Money Markets	-	-	-	-
Financial assets measured at fair value to profit or loss	13.318	-	-	13.318
Financial assets measured at fair value to other comprehensive income	63.018.775	-	-	63.018.775
Financial assets measured at amortised cost	7.595.887	-	-	7.595.887
Derivative financial assets	1.390.564	-	-	1.390.564
Non-performing financial assets	-	-	-	-
Allowance for expected credit losses (-)	-	92.235	(75.528)	16.706
<b>LOANS (Net)</b>	<b>298.258.032</b>	<b>(4.709.341)</b>	<b>5.047.138</b>	<b>298.595.829</b>
<b>Loans</b>	<b>298.032.546</b>	<b>-</b>	<b>-</b>	<b>298.032.546</b>
Loans measured at amortised cost	298.032.546	-	-	298.032.546
Non-performing loans	4.774.329	-	-	4.774.329
Allowance for expected credit losses (-)	4.548.843	4.709.341	(5.047.138)	4.211.046
<i>12-Month expected credit losses (Stage 1)</i>	-	4.511.156	(3.992.797)	518.359
<i>Significant increase in credit risk (Stage 2)</i>	-	198.185	(72.687)	125.498
<i>Credit-Impaired (Stage 3)</i>	4.548.843	-	(981.654)	3.567.189
<b>NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)</b>	<b>670.215</b>	<b>-</b>	<b>-</b>	<b>670.215</b>
<b>INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>	<b>5.311.894</b>	<b>-</b>	<b>-</b>	<b>5.311.894</b>
Investments in associates (Net)	94.912	-	-	94.912
Investments in subsidiaries (Net)	5.144.487	-	-	5.144.487
Jointly Controlled Partnerships (Joint Ventures) (Net)	72.495	-	-	72.495
<b>TANGIBLE ASSETS (Net)</b>	<b>5.240.771</b>	<b>-</b>	<b>-</b>	<b>5.240.771</b>
<b>INTANGIBLE ASSETS AND GOODWILL (Net)</b>	<b>436.633</b>	<b>-</b>	<b>-</b>	<b>436.633</b>
<b>INVESTMENT PROPERTIES (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TAX ASSET</b>	<b>930</b>	<b>-</b>	<b>-</b>	<b>930</b>
<b>OTHER ASSETS</b>	<b>3.766.077</b>	<b>-</b>	<b>-</b>	<b>3.766.077</b>
<b>TOTAL ASSETS</b>	<b>434.274.509</b>	<b>(4.801.576)</b>	<b>5.122.666</b>	<b>434.595.599</b>

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

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018

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

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXIII. EXPLANATIONS ON OTHER MATTERS

Reconciliation of statement of financial position balances to TFRS 9

LIABILITIES AND EQUITY	31 December 2017	TFRS-9 Reclassification impact	TFRS-9 Remeasurement impact	1 January 2018
<b>DEPOSITS</b>	<b>266.384.189</b>	-	-	<b>266.384.189</b>
<b>FUNDS BORROWED</b>	<b>29.064.795</b>	-	-	<b>29.064.795</b>
<b>MONEY MARKETS</b>	<b>56.257.726</b>	-	-	<b>56.257.726</b>
<b>SECURITIES ISSUED (Net)</b>	<b>12.757.369</b>	-	-	<b>12.757.369</b>
<b>FUNDS</b>	<b>6.030.575</b>	-	-	<b>6.030.575</b>
<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	-	-	-	-
<b>DERIVATIVE FINANCIAL LIABILITIES</b>	<b>547.769</b>	-	-	<b>547.769</b>
<b>FACTORING LIABILITIES</b>	<b>447</b>	-	-	<b>447</b>
<b>PROVISIONS</b>	<b>8.518.967</b>	<b>(4.804.152)</b>	<b>(431.859)</b>	<b>3.282.955</b>
<i>Genel Provision</i>	<i>5.391.870</i>	<i>(5.391.870)</i>	-	-
Reserve for Employee Benefits	1.315.548	-	-	1.315.548
Other provision	1.811.549	587.718	(431.859)	1.967.407
<b>CURRENT TAX LIABILITY</b>	<b>918.299</b>	-	<b>209.250</b>	<b>1.127.549</b>
<b>DEFERRED TAX LIABILITY</b>	<b>305.366</b>	-	<b>(173.428)</b>	<b>131.938</b>
<b>OTHER LIABILITIES</b>	<b>6.479.179</b>	-	-	<b>6.479.179</b>
<b>SHAREHOLDER'S EQUITY</b>	<b>47.009.828</b>	<b>2.577</b>	<b>5.518.702</b>	<b>52.531.107</b>
Paid in capital	5.600.000	-	-	5.600.000
Capital reserves	(119.734)	119.482	-	(252)
Other capital reserves	(119.734)	119.482	-	(252)
Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss	-	3.739.406	-	3.739.406
Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss	-	72.871	(175)	72.696
<i>Marketable Securities Valuation Differences</i>	<i>52.906</i>	<i>(52.906)</i>	-	-
<i>Tangible Assets Revaluation Reserves</i>	<i>3.858.888</i>	<i>(3.858.888)</i>	-	-
<i>Bonus Shares of Subsidiaries, Associates and Entities Under Common Control</i>	<i>17.388</i>	<i>(17.388)</i>	-	-
Profit Reserves	29.660.259	-	-	29.660.259
Legal Reserves	3.604.355	-	-	3.604.355
Status Reserves	-	-	-	-
Extraordinary Reserves	24.630.569	-	-	24.630.569
Other Profit Reserves	1.425.335	-	-	1.425.335
Profit or (Loss)	7.940.121	-	5.518.877	13.458.998
Prior Periods' Profit or (Loss)	-	-	5.518.877	5.518.877
Current Period Profit or (Loss)	7.940.121	-	-	7.940.121
Minority Interest	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>434.274.509</b>	<b>(4.801.576)</b>	<b>5.122.666</b>	<b>434.595.599</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 THREE (Continued)**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XXIII. EXPLANATIONS ON OTHER MATTERS (Continued)**

**Reconciliation of the opening balances of the provision to TFRS 9**

	<b>Book value before TFRS 9 31 December 2017</b>	<b>Remeasurements</b>	<b>Book value after TFRS 9 1 January 2018</b>
<b>Loans Provision</b>	<b>9.258.184</b>	<b>(5.047.138)</b>	<b>4.211.046</b>
Stage 1 <sup>(1)</sup>	4.511.156	(3.992.797)	518.359
Stage 2 <sup>(1)</sup>	198.185	(72.687)	125.498
Stage 3	4.548.843	(981.654)	3.567.189
<b>Financial Assets <sup>(2)</sup></b>	<b>94.811</b>	<b>(75.703)</b>	<b>19.108</b>
<b>Non-Cash Loans <sup>(3)</sup></b>	<b>725.775</b>	<b>(431.859)</b>	<b>293.916</b>
Stage 1 and 2	587.718	(462.375)	125.343
Stage 3	138.057	30.516	168.573
<b>Total</b>	<b>10.078.770</b>	<b>(5.554.700)</b>	<b>4.524.070</b>

<sup>(1)</sup> Represents general provisions for stage 1 and 2 loans before TFRS 9.

<sup>(2)</sup> Within the scope of TFRS 9, provisions include provisions for Amortized Cost, Fair Value Through Other Comprehensive Income, Receivables from Banks and Receivables from Money Markets.

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

**The Impact of TFRS 9 Transition to Equity**

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

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

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

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

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



**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)**

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

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

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

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

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

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

***Held-to-maturity financial assets***

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

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

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

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

Held to maturity assets are initially recognized at cost value.

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**SECTION THREE (Continued)**

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

***Loans and receivables***

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

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

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

***Available-for-sale financial assets***

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

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

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

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

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

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

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**SECTION FOUR**

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

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

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

In the calculation of Capital Adequacy Ratios and Capital Bumps, considering the BRSA regulation dated 12 August 2018, the negative valuation differences related to the securities included in the “Marketable Securities at Fair Value Through Other Comprehensive Income” portfolio acquired before this date are not taken into consideration.

In accordance with the BRSA regulation dated 13 August 2018, in calculating the TL reserves of foreign currency balances subject to credit risk, the simplest arithmetic average of 252 business days of the CBRT foreign exchange buying rate at the date of the reporting date and the higher foreign exchange buying rate based on the 30 June 2018 financial statements are taken into consideration.

As of 30 September 2018, the current period equity of the Bank has been calculated as TL 63.926.743 (31 December 2017: TL 50.097.067), the capital adequacy ratio is 16,22% (31 December 2017: 15,20%). This ratio is above the minimum ratio required by the legislation.

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

	<b>Current Period 30 September 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	5.600.000	-
Share issue premiums	-	-
Reserves	35.758.745	-
Gains recognized in equity as per TAS	7.211.266	-
Profit	12.234.244	-
Current Period Profit	5.643.473	-
Prior Period Profit	6.590.771	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	17.388	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>60.821.643</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	300.200	-
Improvement costs for operating leasing	46.196	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	559.253	559.253
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-

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

	Current Period 30 September 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>905.649</b>	-
<b>Total Common Equity Tier I Capital</b>	<b>59.915.994</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>59.915.994</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)	4.012.718	-
<b>Tier II Capital Before Deductions</b>	<b>4.012.718</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>4.012.718</b>	-
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>63.928.712</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 September 2018</b>	<b>Amount as per the regulation before 1/1/2014*</b>
<b>Deductions from Total Capital</b>	<b>63.928.712</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 (-)	1.969	-
<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 Tier I 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)	63.926.743	-
Total Risk Weighted Assets	394.054.709	-
<b>CAPITAL ADEQUACY RATIOS</b>		
CET 1 Capital Ratio (%)	15,21	-
Tier I Capital Ratio (%)	15,21	-
Capital Adequacy Ratio (%)	16,22	-
<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	7,21	-
<b>Amounts Lower than Excesses as per Deduction Rules</b>		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	175.938	-
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	83.450	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	1.709.365	-
<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)	4.012.718	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	4.012.718	-
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	-	-

(1) Amounts considered within transition provisions

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

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**SECTION FOUR (Continued)**

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

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

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

	Prior Period 31 December 2017	Amount as per the regulation before 1/1/2014*
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.600.000	-
Share issue premiums	-	-
Reserves	29.660.259	-
Gains recognized in equity as per TAS	5.708.945	-
Profit	7.940.121	-
Current Period Profit	7.940.121	-
Prior Period Profit	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	17.388	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>48.926.713</b>	<b>-</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	1.916.885	-
Improvement costs for operating leasing	64.822	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	349.306	436.633
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>2.331.013</b>	<b>-</b>
<b>Total Common Equity Tier I Capital</b>	<b>46.595.700</b>	<b>-</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>		

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**SECTION FOUR (Continued)**

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

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

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

	Prior Period 31 December 2017	Amount as per the regulation before 1/1/2014*
<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 I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	87.327	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier I capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
<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>46.508.373</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)	3.590.403	-
<b>Tier II Capital Before Deductions</b>	<b>3.590.403</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>3.590.403</b>	-
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>50.098.776</b>	-
<b>Deductions from Total Capital</b>	<b>50.098.776</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 (-)	1.709	-
<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 (-)	-	-

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**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018**

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

**SECTION FOUR (Continued)**

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

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

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

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

<sup>(1)</sup> Amounts considered within transition provisions

<sup>(2)</sup> The systemic significant bank buffer ratio has been shown as 0 in the unconsolidated financial report since it is necessary to fill in the systematic significant banks that are not required to prepare financial statements in the context of the 4th paragraph of Article 4 of the "Regulation on Systemic Significant Banks".



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**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018**

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

**SECTION FOUR (Continued)**

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

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

**2. Information related to the components which subject to temporary implementation in the calculation of equity**

None.

**3. Necessary explanations in order to reach an agreement between the statement of shareholders’s equity and balance-sheet amounts**

<b>Current Period 30 September 2018</b>	<b>Balance sheet value</b>	<b>Amount of adjustment</b>	<b>Value at capital report</b>
Paid-in capital	5.600.000	-	5.600.000
Other Capital Reserves	(542)	542	-
Bonus Shares which are not accounted in the current period profit or loss of Associates, Subsidiaries and Joint-Ventures	-	17.388	17.388
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-)	-	6.911.066	6.911.066
Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss	3.635.174	(3.635.174)	-
Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss	(6.618.299)	6.618.299	-
Profit Reserves	37.398.102	(1.639.357)	35.758.745
Profit or Loss	12.234.244	-	12.234.244
Prior Periods’ Profit/Loss	6.590.771	-	6.590.771
Current Period Net Profit/Loss	5.643.473	-	5.643.473
Deductions from Common Equity Tier I Capital <sup>(1)</sup>	-	605.449	605.449
<b>Common Equity Tier 1 capital</b>	-	-	<b>59.915.994</b>
Tier 1 capital	-	-	59.915.994
Provisions	-	-	4.012.718
<b>Tier 2 capital <sup>(2)</sup></b>	-	<b>4.012.718</b>	<b>4.012.718</b>
Shareholders’ Equity Adjustments <sup>(3)</sup>	-	1.969	1.969
<b>Total Shareholders’ Equity</b>	<b>52.248.679</b>	<b>11.678.064</b>	<b>63.926.743</b>

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

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

<sup>(3)</sup> The regulations cover Shareholders’ Equity adjustments within the framework of paragraphs 9-8-ç.

**II. EXPLANATIONS ON THE CURRENCY RISK**

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

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

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

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

None.

**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 SEPTEMBER 2018**

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**SECTION FOUR (Continued)**

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

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

**3. Management policy for foreign currency risk**

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

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

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
24.09.2018	5,9347	6,9970	4,3121	0,9379	0,6758	6,1820	4,5909	0,7302	7,7982	1,5824	5,2739
25.09.2018	5,9684	7,0308	4,3307	0,9425	0,6788	6,1862	4,6106	0,7358	7,8556	1,5915	5,2874
26.09.2018	5,8864	6,9165	4,2735	0,9271	0,6680	6,0791	4,5399	0,7259	7,7624	1,5694	5,2092
27.09.2018	5,7651	6,7389	4,1659	0,9035	0,6538	5,9105	4,4154	0,7094	7,5685	1,5374	5,0911
28.09.2018	5,8798	6,8358	4,2576	0,9166	0,6617	6,0262	4,5537	0,7226	7,6725	1,5679	5,1791
30.09.2018	5,8798	6,8358	4,2576	0,9166	0,6617	6,0262	4,5537	0,7226	7,6725	1,5679	5,1791

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

USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
6,0221	7,0245	4,3900	0,9524	0,6800	6,2959	4,6744	0,7383	7,9499	1,6240	5,4385

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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 30 September 2018</b>				
<b>Assets</b>				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	17.831.327	15.028.574	9.008.925	41.868.826
Banks	433.156	4.498.474	412.676	5.344.306
Financial Assets at Fair Value Through Profit and Loss	301	6.576	-	6.877
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	5.715.133	19.111.581	91.644	24.918.358
Loans <sup>(2)</sup>	52.385.172	83.878.431	231.411	136.495.014
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures) <sup>(4)</sup>	2.316.090	834.102	-	3.150.192
Financial Assets Measured at Amortised Cost	999.763	4.383.687	884	5.384.334
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	8.703	396	4.422	13.521
Intangible Assets	5.092	-	9.903	14.995
Other Assets <sup>(6)</sup>	1.877.055	1.024.212	72.527	2.973.794
<b>Total Assets<sup>(5)(7)</sup></b>	<b>81.571.792</b>	<b>128.766.033</b>	<b>9.832.392</b>	<b>220.170.217</b>
<b>Liabilities</b>				
Interbank Deposits	9.506.141	12.032.301	956.073	22.494.515
Foreign Currency Deposits	84.267.475	48.772.879	10.487.986	143.528.340
Money Market Borrowings	-	15.896.092	-	15.896.092
Funds Provided from Other Financial Institutions	11.646.714	30.854.397	4.439	42.505.550
Issued Marketable Securities	68.432	14.106.445	47.036	14.221.913
Sundry Creditors	3.241.461	139.112	11.825	3.392.398
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	413.927	359.755	52.656	826.338
<b>Total Liabilities</b>	<b>109.144.150</b>	<b>122.160.981</b>	<b>11.560.015</b>	<b>242.865.146</b>
<b>Net Balance Sheet Position</b>	<b>(27.572.358)</b>	<b>6.605.052</b>	<b>(1.727.623)</b>	<b>(22.694.929)</b>
<b>Net Off-Balance Sheet Position<sup>(3)</sup></b>	<b>28.696.671</b>	<b>(12.308.675)</b>	<b>1.862.399</b>	<b>18.250.395</b>
Financial Derivative Assets	34.881.135	34.482.062	5.026.080	74.389.277
Financial Derivative Liabilities	6.184.464	46.790.737	3.163.681	56.138.882
<b>Non-Cash Loans</b>	<b>37.469.931</b>	<b>52.745.592</b>	<b>6.524.009</b>	<b>96.739.532</b>
<b>Prior Period</b>				
Total Assets	48.394.040	88.907.933	9.785.290	147.087.263
Total Liabilities	68.905.407	81.124.706	6.357.822	156.387.935
<b>Net Balance Sheet Position</b>	<b>(20.511.367)</b>	<b>7.783.227</b>	<b>3.427.468</b>	<b>(9.300.672)</b>
<b>Net Off-Balance Sheet Position<sup>(3)</sup></b>	<b>23.054.551</b>	<b>(9.906.110)</b>	<b>(3.168.819)</b>	<b>9.979.622</b>
Financial Derivative Assets	27.175.489	16.757.136	2.540.420	46.473.045
Financial Derivative Liabilities	4.120.938	26.663.246	5.709.239	36.493.423
<b>Non-Cash Loans</b>	<b>24.590.211</b>	<b>34.244.001</b>	<b>4.339.203</b>	<b>63.173.415</b>

<sup>1)</sup> Of the foreign currencies presented in the other FC column of assets 89,90% is Gold, 2,64% is GBP, 2,83% is IQD, 1,53% is SAR, and the remaining 3,10% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 60,38% is Gold, 23,60% is GBP, 7,15% is CHF, 2,71% is DKK, 1,12% is SAR, 1,01% is SEK, 0,70% is BGN and the remaining 3,33% is other foreign currencies. (31 December 2017: Of the foreign currencies presented in the other FC column of assets 93,05% is Gold, 2,13% is GBP, 1,72% is IQD, 0,98% is SAR, and the remaining 2,12% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 64,17% is Gold, 17,54% is GBP, 8,17% is CHF, 3,09% is DKK, 1,27% is SAR, 1,26% is SEK, 0,74% is BGN and the remaining 3,76% is other foreign currencies).

<sup>2)</sup> TL 1.052.550 TL equivalent of USD, TL 367.942 equivalent of EUR loans are originated as foreign currency indexed loans (31 December 2017: TL 1.356.454 equivalent of USD, TL 800.021 equivalent of EUR and TL 2.040 equivalent of GBP).

<sup>3)</sup> Indicates the net balance of receivables and payables on derivative financial instruments.

<sup>4)</sup> 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.

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

<sup>6)</sup> Prepaid expenses in other assets amounting to TL 6.243 are not included in the table.

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

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**SECTION FOUR (Continued)**

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

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

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

(Based on days to repricing dates)

<b>Current Period 30 September 2018</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	29.660.750	-	-	-	-	19.562.173	49.222.923
Banks	1.500.255	403.451	194.260	-	-	4.143.738	6.241.704
Financial Assets at Fair Value Through Profit and Loss	-	-	27.239	854	6.491	-	34.584
Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	2.873.244	9.738.778	21.079.861	20.022.774	22.749.676	516.781	76.981.114
Loans Given <sup>(3)</sup>	128.328.732	33.882.353	65.654.842	129.617.535	26.000.678	1.467.424	384.951.564
Financial Assets Measured at Amortised Cost	90.719	95.205	3.927.191	2.645.157	3.721.512	-	10.479.784
Other Assets <sup>(2)</sup>	405.618	2.159.226	787.766	194.141	11.047	20.524.477	24.082.275
<b>Total Assets <sup>(1)(5)</sup></b>	<b>162.859.318</b>	<b>46.279.013</b>	<b>91.671.159</b>	<b>152.480.461</b>	<b>52.489.404</b>	<b>46.214.593</b>	<b>551.993.948</b>
<b>Liabilities</b>							
Interbank Deposits	22.514.848	6.239.538	1.978.401	-	-	3.246.549	33.979.336
Other Deposits	135.821.565	51.468.918	33.209.055	1.759.874	16	88.778.127	311.037.555
Money Market Borrowings	66.408.318	284.707	4.405.327	541.524	-	-	71.639.876
Sundry Creditors	-	-	-	-	-	6.790.146	6.790.146
Issued Marketable Securities	876.627	1.308.055	4.536.386	9.435.654	-	-	16.156.722
Funds Provided from Other Financial Institutions	18.722.956	7.858.340	10.273.006	6.413.270	1.316.493	-	44.584.065
Other Liabilities <sup>(4)</sup>	654.721	1.185.138	329.049	6.037.662	-	59.599.678	67.806.248
<b>Total Liabilities <sup>(1)</sup></b>	<b>244.999.035</b>	<b>68.344.696</b>	<b>54.731.224</b>	<b>24.187.984</b>	<b>1.316.509</b>	<b>158.414.500</b>	<b>551.993.948</b>
<b>Balance Sheet Long Position</b>	-	-	<b>36.939.935</b>	<b>128.292.477</b>	<b>51.172.895</b>	-	<b>216.405.307</b>
<b>Balance Sheet Short Position</b>	<b>(82.139.717)</b>	<b>(22.065.683)</b>	-	-	-	<b>(112.199.907)</b>	<b>(216.405.307)</b>
Off-Balance Sheet Long Position	249.512	1.750.466	-	-	-	-	1.999.978
Off-Balance Sheet Short Position	-	-	(625.447)	(816.070)	-	-	(1.441.517)
<b>Total Position</b>	<b>(81.890.205)</b>	<b>(20.315.217)</b>	<b>36.314.488</b>	<b>127.476.407</b>	<b>51.172.895</b>	<b>(112.199.907)</b>	<b>558.461</b>

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

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

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

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

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

**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)**

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

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

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

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

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

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

**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 SEPTEMBER 2018**

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

**SECTION FOUR (Continued)**

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

**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 30 September 2018</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>	-	1,50	-	13,00
Banks	1,50	4,06	-	22,88
Financial Assets at Fair Value Through Profit and Loss	2,20	5,36	-	23,25
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	4,75	5,68	-	13,83
Loans Given <sup>(2)</sup>	4,96	7,07	4,70	15,92
Financial Assets Measured at Amortised Cost	6,63	7,32	-	19,40
<b>Liabilities</b>				
Interbank Deposits <sup>(3)</sup>	0,72	2,83	-	23,24
Other Deposits <sup>(4)</sup>	1,22	2,11	-	11,59
Money Market Borrowings	-	3,36	-	24,03
Sundry Creditors	-	-	-	-
Issued Marketable Securities	0,60	4,76	1,50	20,67
Funds Provided from Other Financial Institutions	1,14	3,75	-	18,98

<sup>(1)</sup> These ratios show the interest rates applied by the CBRT for reserve requirements.

<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.

	EUR	USD	JPY	TL
<b>Prior Period 31 December 2017</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>	-	1,50	-	4,00
Banks	0,42	2,28	-	12,28
Financial Assets at Fair Value Through Profit and Loss	-	5,36	-	10,72
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	4,74	5,61	-	9,90
Loans Given <sup>(2)</sup>	4,51	6,02	-	13,44
Investments Held-to-Maturity	6,63	7,20	-	11,05
<b>Liabilities</b>				
Interbank Deposits <sup>(3)</sup>	0,48	1,57	-	12,47
Other Deposits <sup>(4)</sup>	1,05	1,73	-	7,67
Money Market Borrowings	0,92	2,44	-	12,74
Sundry Creditors	-	-	-	-
Issued Marketable Securities	1,00	4,74	1,50	13,72
Funds Provided from Other Financial Institutions	1,21	3,02	-	10,51

<sup>(1)</sup> These ratios show the interest rates applied by the CBRT for reserve requirements.

<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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(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)**

**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	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 <sup>(1)</sup>	155.930	155.930	-

<sup>(1)</sup> 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 155.930 and 100% of them are risk weighted (31 December 2017: are amounted TL 137.407 and 100% of them are risk weighted).

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

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

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

**1. Liquidity Risk**

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

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

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

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

**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 SEPTEMBER 2018**

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**SECTION FOUR (Continued)**

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

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

**1. Liquidity Risk (Continued)**

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

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

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

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

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

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

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

*Explanation regarding the usage of the stress test*

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

*General information on liquidity urgent and unexpected situation plan*

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



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**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)**

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 106,76% in the week of 28 September 2018 and for the total 71,44% in the week of 24 August 2018. As for the highest ratios take place for FC as 235,69 % in the week of 10 August 2018 and for the total as 92,55 % in the week of 10 August 2018 (31 December 2017: Within the last 3 months the unconsolidated lowest ratios are as follows: Take place for FC as 184,50% in the week of 10 November 2017 and for the total 90,14% in the week of 15 December 2017. As for the highest ratios take place for FC as 252,43 % in the week of 6 October 2017 and for the total as 108,09% in the week of 20 October 2017).

	Total Unweighted Value (Average) <sup>(1)</sup>		Total Weighted Value (Average) <sup>(1)</sup>	
	TL+FC	FC	TL+FC	FC
<b>Current Period 30 September 2018</b>				
<b>High Quality Liquid Assets</b>				
High Quality Liquid Assets			59.906.125	47.927.917
<b>Cash Outflows</b>				
Retail and Small Business Customers, of which;	224.490.437	103.393.514	18.923.598	10.339.351
Stable deposits	70.508.913	-	3.525.446	-
Less stable deposits	153.981.524	103.393.514	15.398.152	10.339.351
Unsecured wholesale funding, of which;	107.430.223	49.017.558	61.474.890	30.805.658
Operational deposit	5.485.248	210.177	1.371.312	52.544
Non-operational deposits	83.176.839	37.925.123	43.325.352	20.586.730
Other unsecured funding	18.768.136	10.882.258	16.778.226	10.166.384
Secured funding				
Other cash outflows, of which;	49.279.473	14.211.692	10.864.582	9.003.894
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	6.163.777	6.525.104	6.163.777	6.525.104
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	43.115.696	7.686.588	4.700.805	2.478.790
Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	52.302.826	38.786.694	2.679.518	1.939.335
<b>Total Cash Outflows</b>			<b>93.942.588</b>	<b>52.088.238</b>
<b>Cash Inflows</b>				
Secured lending	-	-	-	-
Unsecured lending	26.768.519	12.366.684	17.230.744	8.728.748
Other cash inflows	1.975.983	12.064.848	1.975.983	12.064.848
<b>Total Cash Inflows</b>	<b>28.744.502</b>	<b>24.431.532</b>	<b>19.206.727</b>	<b>20.793.596</b>
			<b>Upper Limit Applied Amounts</b>	
<b>Total HQLA Stock</b>			<b>59.906.125</b>	<b>47.927.917</b>
<b>Total Net Cash Outflows</b>			<b>74.735.861</b>	<b>31.294.642</b>
<b>Liquidity Coverage Ratio (%)</b>			<b>80,16</b>	<b>153,15</b>

<sup>(1)</sup> The average of last three months' liquidity coverage ratio calculated by weekly simple averages.

**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)**

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

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

	Total Unweighted Value (Average) <sup>(1)</sup>		Total Weighted Value (Average) <sup>(1)</sup>	
	TL+FC	FC	TL+FC	FC
<b>Prior Period 31 December 2017</b>				
<b>High Quality Liquid Assets</b>				
High Quality Liquid Assets			51.990.108	40.322.702
<b>Cash Outflows</b>				
Retail and Small Business Customers, of which;	175.184.051	68.348.200	14.374.069	6.834.820
Stable deposits	62.886.712	-	3.144.335	-
Less stable deposits	112.297.339	68.348.200	11.229.734	6.834.820
Unsecured wholesale funding , of which;	82.710.386	32.522.190	44.522.787	19.745.309
Operational deposit	4.311.083	128.204	1.077.771	32.051
Non-operational deposits	65.389.711	24.659.350	31.108.251	12.646.729
Other unsecured funding	13.009.592	7.734.636	12.336.765	7.066.529
Secured funding			-	-
Other cash outflows, of which;	34.920.356	8.214.972	5.986.870	4.575.039
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.448.025	2.819.093	2.448.025	2.819.093
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	32.472.331	5.395.879	3.538.845	1.755.946
Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	39.743.078	28.354.606	2.473.441	1.836.495
<b>Total Cash Outflows</b>			<b>67.357.167</b>	<b>32.991.663</b>
<b>Cash Inflows</b>				
Secured lending	-	-	-	-
Unsecured lending	19.140.288	5.236.066	12.512.781	4.007.020
Other cash inflows	1.546.184	9.397.561	1.546.184	9.397.561
<b>Total Cash Inflows</b>	<b>20.686.472</b>	<b>14.633.627</b>	<b>14.058.965</b>	<b>13.404.581</b>
			<b>Upper Limit Applied Amounts</b>	
<b>Total HQLA Stock</b>			<b>51.990.108</b>	<b>40.322.702</b>
<b>Total Net Cash Outflows</b>			<b>53.298.202</b>	<b>19.587.082</b>
<b>Liquidity Coverage Ratio (%)</b>			<b>97,55</b>	<b>205,86</b>

<sup>(1)</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)**

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

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

Bank deposit, which has not a fluctuant structure, together with constituting an important part of its sources and liquidity coverage ratio, in proportion to other deposits, public deposits can cause periodic changes within total deposits. Considering the previous periods, total deposits are observed to follow an increasing trend.

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

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

*High quality liquid assets are comprised to which items*

All of the high-quality liquid assets of the calculation of Liquidity Coverage Ratio are First Quality Liquid Assets. These are cash, the accounts in Central Bank, reserve requirements and securities from the portfolio (The important part of bonds and bills issued by Republic of Turkey Prime Ministry Undersecretariat of Treasury, other bonds).

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

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

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

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

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

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

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

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

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

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

**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 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 <sup>1) (2) (3)</sup>	Total
<b>Current Period-30 September 2018</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	49.222.923	-	-	-	-	-	-	49.222.923
Banks	4.143.738	1.500.254	403.451	194.261	-	-	-	6.241.704
Financial Assets at Fair Value Through Profit and Loss	-	-	-	8.737	19.356	6.491	-	34.584
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	182.700	2.615.316	8.641.430	29.464.750	35.621.595	455.323	76.981.114
Loans Given	-	17.759.631	25.723.497	146.702.135	158.921.575	34.377.302	1.467.424	384.951.564
Investments Held-to-Maturity	-	90.720	95.205	2.031.070	4.541.278	3.721.511	-	10.479.784
Other Assets	3.929.921	405.618	2.159.226	788.522	194.141	11.046	16.593.801	24.082.275
<b>Total Assets<sup>(4)</sup></b>	<b>57.296.582</b>	<b>19.938.923</b>	<b>30.996.695</b>	<b>158.366.155</b>	<b>193.141.100</b>	<b>73.737.945</b>	<b>18.516.548</b>	<b>551.993.948</b>
<b>Liabilities</b>								
Interbank Deposits	3.246.549	22.514.848	6.239.538	1.978.401	-	-	-	33.979.336
Other Deposits	88.778.127	135.809.589	51.441.612	33.122.356	1.843.017	42.854	-	311.037.555
Funds Provided from Other Financial Institutions	-	5.293.968	5.005.915	17.478.187	12.784.488	4.021.507	-	44.584.065
Money Market Borrowings	-	66.408.318	284.707	4.405.327	541.524	-	-	71.639.876
Issued Marketable Securities	-	876.627	1.308.055	4.536.386	9.435.654	-	-	16.156.722
Sundry Creditors	4.677.511	2.112.635	-	-	-	-	-	6.790.146
Other Liabilities	2.673.787	1.302.632	1.659.111	329.049	6.037.663	1.333.896	54.470.110	67.806.248
<b>Total Liabilities</b>	<b>99.375.974</b>	<b>234.318.617</b>	<b>65.938.938</b>	<b>61.849.706</b>	<b>30.642.346</b>	<b>5.398.257</b>	<b>54.470.110</b>	<b>551.993.948</b>
<b>Liquidity Gap</b>	<b>(42.079.392)</b>	<b>(214.379.694)</b>	<b>(34.942.243)</b>	<b>96.516.449</b>	<b>162.498.754</b>	<b>68.339.688</b>	<b>(35.953.562)</b>	<b>-</b>
Net Off-Balance Sheet Position	-	(44.473)	(454.459)	209.911	847.487	-	-	558.466
Financial Derivative Assets	-	34.907.619	17.925.820	4.822.301	2.437.262	-	-	60.093.002
Financial Derivative Liabilities	-	34.952.092	18.380.279	4.612.390	1.589.775	-	-	59.534.536
Non-cash Loans	57.153.824	1.827.704	6.365.684	35.188.680	29.708.870	4.054.862	-	134.299.624
<b>Prior Period</b>								
Total Assets	47.411.238	15.868.626	21.295.190	112.351.941	154.730.427	68.171.924	14.445.163	434.274.509
Total Liabilities	73.923.133	194.352.178	34.965.623	50.345.294	20.298.672	5.886.416	54.503.193	434.274.509
<b>Liquidity Gap</b>	<b>(26.511.895)</b>	<b>(178.483.552)</b>	<b>(13.670.433)</b>	<b>62.006.647</b>	<b>134.431.755</b>	<b>62.285.508</b>	<b>(40.058.030)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>								
Financial Derivative Assets	-	291.086	(48.566)	(9.626)	520.911	-	-	753.805
Financial Derivative Liabilities	-	31.403.786	5.393.817	3.674.751	2.487.182	-	-	42.959.536
Non-cash Loans	-	31.112.700	5.442.383	3.684.377	1.966.271	-	-	42.205.731
	44.386.984	1.797.621	4.116.299	23.142.701	19.205.108	3.458.413	-	96.107.126

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

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

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

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

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

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018**

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

**SECTION FOUR (Continued)**

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

**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 6,98% (31 December 2017: 8,13%). The decrease in leverage ratio is due to the increase in the total risk amount. The regulation sentenced the minimum leverage as 3%.

	<b>Current Period <sup>(1)</sup> 30 September 2018</b>	<b>Prior Period <sup>(1)</sup> 31 December 2017</b>
<b>Balance sheet assets</b>		
On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	542.091.752	430.766.423
(Assets deducted in determining Tier 1 capital)	(9.344.156)	(2.516.479)
<b>Total on-balance sheet risks (sum of lines 1 and 2)</b>	<b>532.747.596</b>	<b>428.249.944</b>
<b>Derivative financial instruments and credit derivatives</b>		
Replacement cost associated with all derivative financial instruments and credit Derivatives	4.377.677	1.581.527
Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	780.973	499.682
<b>Total risks of derivative financial instruments and credit derivatives</b>	<b>5.158.650</b>	<b>2.081.209</b>
<b>Securities or commodity financing transactions (SCFT)</b>		
Risks from SCFT assets	5.403.001	5.102.762
Risks from brokerage activities related exposures	-	-
<b>Total risks related with securities or commodity financing transactions</b>	<b>5.403.001</b>	<b>5.102.762</b>
<b>Other off-balance sheet transactions</b>		
Gross notional amounts of off-balance sheet transactions	174.661.551	127.578.228
(Adjustments for conversion to credit equivalent amounts)	-	-
<b>Total risks of off-balance sheet items</b>	<b>174.661.551</b>	<b>127.578.228</b>
<b>Capital and total risks</b>		
Tier 1 capital	49.966.774	45.764.096
<b>Total risks</b>	<b>717.970.798</b>	<b>563.012.143</b>
<b>Leverage ratio</b>		
Leverage ratio (%)	6,98	8,13

<sup>(1)</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**

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018**

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

**SECTION FOUR (Continued)**

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

**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 September 2018, the following notes to be presented on a quarterly and semi-annually basis according to Communiqué have not been presented due to usage of standard approach for the calculation of capital adequacy by the Bank.

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

RWA 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*

		<b>Risk Weighted Amount</b>	<b>Minimum capital Requirement</b>
		<b>Current Period</b>	<b>Current Period</b>
		<b>30 September 2018</b>	<b>30 September 2018</b>
1	Credit Risk (excluding counterparty credit risk)	338.440.137	27.075.211
2	Standardised approach	338.440.137	27.075.211
3	Internal rating-based approach	-	-
4	Counterparty credit risk	3.786.105	302.888
5	Standardised approach for counterparty credit risk	3.786.105	302.888
6	Internal model method	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-
8	Investments made in collective investment companies-look through approach	-	-
9	Investments made in collective investment companies-mandate-based approach	2.965.432	237.235
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	19.444.344	1.555.548
17	Standardised approach	19.444.344	1.555.548
18	Internal model approaches	-	-
19	Operational risk	29.418.691	2.353.495
20	Basic Indicator approach	29.418.691	2.353.495
21	Standard approach	-	-
22	Advanced measurement approach	-	-
23	The amount of the discount threshold under the equity(subject to a 250% risk weight)	-	-
24	Floor adjustment	-	-
<b>25</b>	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>394.054.709</b>	<b>31.524.377</b>

**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 SEPTEMBER 2018**

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

**SECTION FOUR (Continued)**

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

**VII. EXPLANATIONS ON RISK MANAGEMENT**

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

*Overview of Risk Weighted Amounts*

		<b>Risk Weighted Amount</b>	<b>Minimum capital Requirement</b>
		<b>Prior Period</b>	<b>Prior Period</b>
		<b>31 December 2017</b>	<b>31 December 2017</b>
1	Credit Risk (excluding counterparty credit risk)	281.524.899	22.521.992
2	Standardised approach	281.524.899	22.521.992
3	Internal rating-based approach	-	-
4	Counterparty credit risk	3.363.968	269.117
5	Standardised approach for counterparty credit risk	3.363.968	269.117
6	Internal model method	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-
8	Investments made in collective investment companies-look through approach	-	-
9	Investments made in collective investment companies-mandate-based approach	2.343.399	187.472
10	Investments made in collective investment companies-1250% weighted risk approach	-	-
11	Settlement risk	-	-
12	Securitization positions in banking accounts	-	-
13	IRB ratings-based approach	-	-
14	IRB Supervisory Formula approach	-	-
15	SA/simplified supervisory formula approach	-	-
16	Market risk	18.610.561	1.488.845
17	Standardised approach	18.610.561	1.488.845
18	Internal model approaches	-	-
19	Operational risk	23.652.179	1.892.174
20	Basic Indicator approach	23.652.179	1.892.174
21	Standard approach	-	-
22	Advanced measurement approach	-	-
23	The amount of the discount threshold under the equity(subject to a 250% risk weight)	-	-
24	Floor adjustment	-	-
<b>25</b>	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>329.495.006</b>	<b>26.359.600</b>

**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 SEPTEMBER 2018**

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

**SECTION FOUR (Continued)**

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

**VIII. EXPLANATIONS ON OPERATING SEGMENTS**

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

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

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

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

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

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

Besides, the Bank has commission revenue from life insurance, non-life insurance and Personal Retirement insurances and other finance institutions by rendering agency services through its Branches.

As of 30 September 2018 explanations on segment reporting as shown on the following page are in line with Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.



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

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**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018**

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

**SECTION FOUR (Continued)**

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

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

**1. Table for Segment Reporting**

<b>Current Period 30 September 2018</b>	<b>Retail Banking</b>	<b>Corporate/ Entrepreneurial Banking</b>	<b>Specialized Banking</b>	<b>Treasury/ Investment Banking</b>	<b>Other/ Undistributed</b>	<b>Total</b>
<b>OPERATING INCOME/EXPENSE</b>						
<b>Interest Income</b>	<b>8.207.757</b>	<b>12.655.818</b>	<b>5.031.372</b>	<b>10.619.945</b>	<b>64.527</b>	<b>36.579.419</b>
Interest Income from Loans	8.207.757	12.655.818	5.031.372	3.302.879	-	29.197.826
Interest Income from Banks	-	-	-	157.561	-	157.561
Interest Income from Securities	-	-	-	6.694.239	-	6.694.239
Other Interest Income	-	-	-	465.266	64.527	529.793
<b>Interest Expense</b>	<b>8.071.461</b>	<b>3.484.559</b>	<b>-</b>	<b>8.429.273</b>	<b>122.397</b>	<b>20.107.690</b>
Interest Expense on Deposits	8.071.461	3.484.559	-	1.163.907	-	12.719.927
Interest Expense on Funds Borrowed	-	-	-	1.054.405	-	1.054.405
Interest Expense on Money Market Transactions	-	-	-	5.396.113	-	5.396.113
Interest Expense on Securities Issued	-	-	-	814.848	-	814.848
Other Interest Expense	-	-	-	-	122.397	122.397
<b>Net Interest Income/Expense</b>	<b>136.296</b>	<b>9.171.259</b>	<b>5.031.372</b>	<b>2.190.672</b>	<b>(57.870)</b>	<b>16.471.729</b>
<b>Net Fees and Commission Income/Expense</b>	<b>1.260.886</b>	<b>983.338</b>	<b>69.492</b>	<b>(471.007)</b>	<b>69.388</b>	<b>1.912.097</b>
Fees and Commissions Received	1.260.886	983.338	69.492	10.117	135.528	2.459.361
Fees and Commissions Paid	-	-	-	481.124	66.140	547.264
<b>Personnel Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.128.474</b>	<b>2.128.474</b>
<b>Dividend Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>290.376</b>	<b>-</b>	<b>290.376</b>
<b>Trading Income/Loss (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3.212.705)</b>	<b>-</b>	<b>(3.212.705)</b>
<b>Other Operating Income</b>	<b>27.949</b>	<b>127.892</b>	<b>20.589</b>	<b>2.660</b>	<b>476.693</b>	<b>655.783</b>
<b>Provision for Loans or Other Receivables Losses</b>	<b>757.508</b>	<b>1.901.402</b>	<b>505.611</b>	<b>751</b>	<b>-</b>	<b>3.165.272</b>
<b>Other Operating Expense</b>	<b>1.272.420</b>	<b>29.911</b>	<b>36.743</b>	<b>-</b>	<b>2.224.724</b>	<b>3.563.798</b>
<b>Income Before Tax</b>	<b>(604.797)</b>	<b>8.351.176</b>	<b>4.579.099</b>	<b>(1.200.755)</b>	<b>(3.864.987)</b>	<b>7.259.736</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>(1.616.263)</b>	<b>(1.616.263)</b>
<b>Net Profit/Loss</b>	<b>(604.797)</b>	<b>8.351.176</b>	<b>4.579.099</b>	<b>(1.200.755)</b>	<b>(5.481.250)</b>	<b>5.643.473</b>
<b>SEGMENT ASSETS</b>						
Financial Assets at FV Through P/L	-	-	-	34.584	-	34.584
Banks and Other Financial Institutions	-	-	-	6.241.704	-	6.241.704
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	76.981.114	-	76.981.114
Loans	92.988.835	213.405.019	61.956.709	16.601.001	-	384.951.564
Financial Assets Measured at Amortised Cost	-	-	-	10.479.784	-	10.479.784
Derivative Financial Assets	-	-	-	3.488.332	-	3.488.332
Associates, Subsidiaries and Joint Ventures	-	-	-	6.780.577	-	6.780.577
Other Assets	15.434	987.816	83.846	45.088.263	16.860.930	63.036.289
<b>TOTAL SEGMENT ASSETS</b>	<b>93.004.269</b>	<b>214.392.835</b>	<b>62.040.555</b>	<b>165.695.359</b>	<b>16.860.930</b>	<b>551.993.948</b>
<b>SEGMENT LIABILITIES</b>						
Deposits	251.741.151	52.316.537	-	33.979.336	6.979.867	345.016.891
Derivative Financial Liabilities	-	-	-	2.063.666	-	2.063.666
Funds Borrowed	-	-	-	44.584.065	-	44.584.065
Money Market Funds	3.863	20.251.476	-	51.384.537	-	71.639.876
Securities Issued (Net)	-	-	-	16.156.722	-	16.156.722
Provisions	-	378.454	-	-	2.939.860	3.318.314
Other Liabilities	-	-	-	-	16.965.735	16.965.735
Shareholders' Equity	-	-	-	-	52.248.679	52.248.679
<b>TOTAL SEGMENT LIABILITIES</b>	<b>251.745.014</b>	<b>72.946.467</b>	<b>-</b>	<b>148.168.326</b>	<b>79.134.141</b>	<b>551.993.948</b>
<b>OTHER SEGMENT ITEMS</b>						
Capital Investment	-	-	-	-	-	-
Amortization Expense	-	-	-	-	220.374	220.374
Restructuring Costs	-	-	-	-	-	-

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

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**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018**

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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)**

	<b>Retail Banking</b>	<b>Corporate/ Entrepreneurial Banking</b>	<b>Specialized Banking</b>	<b>Treasury/ Investment Banking</b>	<b>Other /Undistributed</b>	<b>Total</b>
<b>Prior Period 30 September 2017</b>						
<b>OPERATING INCOME/EXPENSE</b>						
<b>Interest Income</b>	<b>6.578.430</b>	<b>9.271.739</b>	<b>4.146.227</b>	<b>5.586.767</b>	<b>45.707</b>	<b>25.628.870</b>
Interest Income from Loans	6.578.430	9.271.739	4.146.227	443.773	-	20.440.169
Interest Income from Banks	-	-	-	94.612	-	94.612
Interest Income from Securities	-	-	-	4.478.375	-	4.478.375
Other Interest Income	-	-	-	570.007	45.707	615.714
<b>Interest Expense</b>	<b>5.464.681</b>	<b>2.708.895</b>	<b>-</b>	<b>5.137.743</b>	<b>62.272</b>	<b>13.373.591</b>
Interest Expense on Deposits	5.464.681	2.708.895	-	604.218	-	8.777.794
Interest Expense on Funds Borrowed	-	-	-	484.124	-	484.124
Interest Expense on Money Market Transactions	-	-	-	3.607.155	-	3.607.155
Interest Expense on Securities Issued	-	-	-	442.246	-	442.246
Other Interest Expense	-	-	-	-	62.272	62.272
<b>Net Interest Income/Expense</b>	<b>1.113.749</b>	<b>6.562.844</b>	<b>4.146.227</b>	<b>449.024</b>	<b>(16.565)</b>	<b>12.255.279</b>
<b>Net Fees and Commission Income/Expense</b>	<b>1.028.070</b>	<b>709.604</b>	<b>73.756</b>	<b>(240.924)</b>	<b>32.430</b>	<b>1.602.936</b>
Fees and Commissions Received	1.028.070	709.604	73.756	4.371	115.256	1.931.057
Fees and Commissions Paid	-	-	-	245.295	82.826	328.121
<b>Dividend Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>283.827</b>	<b>-</b>	<b>283.827</b>
<b>Trading Income/Loss (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(346.796)</b>	<b>-</b>	<b>(346.796)</b>
<b>Other Operating Income</b>	<b>30.678</b>	<b>205.582</b>	<b>14.760</b>	<b>1.282</b>	<b>785.255</b>	<b>1.037.557</b>
<b>Provision for Loans or Other Receivables Losses</b>	<b>456.595</b>	<b>776.821</b>	<b>295.114</b>	<b>212</b>	<b>265.400</b>	<b>1.794.142</b>
<b>Other Operating Expense</b>	<b>92.618</b>	<b>518.087</b>	<b>35.303</b>	<b>-</b>	<b>4.178.769</b>	<b>4.824.777</b>
<b>Income Before Tax</b>	<b>1.623.284</b>	<b>6.183.122</b>	<b>3.904.326</b>	<b>146.201</b>	<b>(3.643.049)</b>	<b>8.213.884</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>(1.706.745)</b>	<b>(1.706.745)</b>
<b>Net Profit/Loss</b>	<b>1.623.284</b>	<b>6.183.122</b>	<b>3.904.326</b>	<b>146.201</b>	<b>(5.349.794)</b>	<b>6.507.139</b>
<b>SEGMENT ASSETS-31 December 2017</b>						
Financial Assets at FV Through P/L	-	-	-	1.403.882	-	1.403.882
Banks and Other Financial Institutions	-	-	-	4.302.749	-	4.302.749
Financial Assets Available for Sale (Net)	-	-	-	63.018.775	-	63.018.775
Loans	84.454.431	149.639.442	54.642.948	9.521.211	-	298.258.032
Held to Maturity Investments (Net)	-	-	-	7.595.887	-	7.595.887
Associates, Subsidiaries and Joint Ventures	-	-	-	5.311.894	-	5.311.894
Other Assets	-	-	-	-	54.383.290	54.383.290
<b>TOTAL SEGMENT ASSETS</b>	<b>84.454.431</b>	<b>149.639.442</b>	<b>54.642.948</b>	<b>91.154.398</b>	<b>54.383.290</b>	<b>434.274.509</b>
<b>SEGMENT LIABILITIES-31 December 2017</b>						
Deposits	191.167.462	55.760.907	-	15.368.651	4.087.169	266.384.189
Derivative Financial Liabilities Held for Trading	-	-	-	547.769	-	547.769
Funds Borrowed	-	-	-	29.064.795	-	29.064.795
Money Market Funds	-	-	-	56.257.726	-	56.257.726
Securities Issued (Net)	-	-	-	12.757.369	-	12.757.369
Provisions	-	-	-	-	8.518.967	8.518.967
Other Liabilities	-	-	-	-	13.733.866	13.733.866
Shareholders' Equity	-	-	-	-	47.009.828	47.009.828
<b>TOTAL SEGMENT LIABILITIES</b>	<b>191.167.462</b>	<b>55.760.907</b>	<b>-</b>	<b>113.996.310</b>	<b>73.349.830</b>	<b>434.274.509</b>
<b>OTHER SEGMENT ITEMS-30 September 2017</b>						
Capital Investment	-	-	-	-	-	-
Amortization Expense	-	-	-	-	321.098	321.098
Restructuring Costs	-	-	-	-	-	-

**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 SEPTEMBER 2018**

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

**SECTION FIVE**

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

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

In accordance with the transition provisions of TFRS 9, the prior period financial statements and footnotes are not restated. Footnotes prepared on different bases are presented in separate tables.

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

	Current Period 30 September 2018	
	TL	FC
Cash in TL/Foreign Currency	2.413.550	1.657.843
Central Bank of the Republic of Turkey	4.940.904	40.147.359
Other	150	63.624
<b>Total</b>	<b>7.354.604</b>	<b>41.868.826</b>

**Information on Required Reserves**

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

As of the balance sheet date, according to CBRT’s Communiqué about Required Reserves No. 2018/6, 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 8%, for deposits up to 6-months maturity 5%, for deposits up to 1-year maturity 3%, for deposits 1-year and longer maturity 1,5%, for TL liabilities other than deposits up to 1-year maturity 8%, for TL liabilities other than deposits between 1- and 3-years maturity 4,5%, for TL liabilities other than deposits more than 3-years maturity 1,5%, for FC deposit accounts, demand deposits, up to 1-month, up to 3-months, up to 6-months and up to 1-year maturities 12%, for FC deposit accounts with 1-year and longer maturity 8%, for FC liabilities other than deposits up to 1-year maturity 20%, for FC liabilities other than deposits up to 2-years maturity 15%, for FC liabilities other than deposits up to 3-years maturity 10%, for FC liabilities other than deposits up to 5-years maturity 6%, and for FC liabilities other than deposits more than 5-years maturity 4%.

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

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

	Current Period 30 September 2018	
	TL	FC
Unrestricted Demand Deposit	4.673.032	6.184.569
Unrestricted Time Deposit	-	-
Restricted Time Deposit	-	4.559.681
Other <sup>(1)</sup>	267.872	29.403.109
<b>Total</b>	<b>4.940.904</b>	<b>40.147.359</b>

<sup>(1)</sup> Includes required reserves and CBRT Restricted Electronic Money Funds amounting to TL 9.724. Required reserve of branches abroad amounting to TL 128.547 is presented in this line. TL 8.771.701 of the current period’s FC required reserve is the part of the TL required reserves that are held in FC.

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

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018

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

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

None.

3. Positive Differences Related to The Derivative Financial Assets

Derivative financial assets held-for-trading	Current Period 30 September 2018	
	TL	FC
Forward Transactions	465.540	56.582
Swap Transactions	2.597.233	368.674
Futures Transactions	-	-
Options	303	-
Other	-	-
<b>Total</b>	<b>3.063.076</b>	<b>425.256</b>

4. Information on Banks and Other Financial Institutions

4.1. Information on Bank Balances

	Current Period 30 September 2018	
	TL	FC
Banks		
Domestic Banks	677.576	2.018
Foreign Banks	223.568	5.342.423
Foreign Head Office and Branches	-	-
<b>Total</b>	<b>901.144</b>	<b>5.344.441</b>

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

	Current Period 30 September 2018
Assets Subject to Repurchase Agreements	33.467.329
Assets Blocked/Given as Collateral	41.165.379
<b>Total</b>	<b>74.632.708</b>

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

	Current Period 30 September 2018
Debt Securities	86.040.575
Quoted in Stock Exchange	85.904.936
Not Quoted in Stock Exchange	135.639
Share Certificates	472.032
Quoted in Stock Exchange	299.582
Not Quoted in Stock Exchange	172.450
Provision for Impairment (-)	9.531.493
<b>Total</b>	<b>76.981.114</b>

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

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information Related to Loans

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

	Current Period 30 September 2018	
	Cash	Non-Cash
<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>	372.223	-
<b>Total</b>	372.223	-

(1) Interest rediscount and interest accrual amounting TL 3.871, are not included in the table above.

(2) Since the balance of overdraft accounts related to employees amounting TL16,562, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above.

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

Current Period 30 September 2018	Cash Loans	Standard Loans	Loans Under Close Monitoring	
			Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled
				Loans with revised contract terms
Non-Specialized Loans	304.087.266	12.524.451	643.603	-
Commercial Loans	201.016.367	4.415.562	565.583	-
Export Loans	8.228.839	17.593	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	1.566.756	6.788.679	-	-
Consumer Loans	86.778.967	1.172.844	77.536	-
Credit Cards	5.036.622	111.289	484	-
Other	1.459.715	18.484	-	-
Specialized Lending <sup>(1) (2)</sup>	56.357.368	1.364.043	491.056	-
Other Receivables	-	-	-	-
Interest Income Accruals <sup>(2)</sup>	8.937.875	1.331.200	44.929	-
<b>Toplam</b>	<b>369.382.509</b>	<b>15.219.694</b>	<b>1.179.588</b>	-

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

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

	Standard Loans	Loans Under Close Monitoring
12-Month expected credit losses	705.727	-
Significant increase in credit risk	-	1.591.924

Number of Changes Made to Extend the Payment Plan	Standard Loans	Loans Under Close Monitoring
1 or 2 Times Extended	6.080.135	3.579.431
3 - 4 or 5 Times Extended	443.130	403.188
Over 5 Times Extended	7.800	10.715

Duration Extended by Payment Plan Change	Standard Loans	Loans Under Close Monitoring
0 - 6 Months	3.192.395	2.129.870
6 - 12 Months	1.226.478	483.592
1 - 2 Years	356.128	400.206
2 - 5 Years	1.574.759	901.588
5 Years and Over	181.305	78.078
<b>Total</b>	<b>6.531.065</b>	<b>3.993.334</b>

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

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information Related to Loans (Continued)

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

Current Peiod 30 September 2018	Short-Term	Medium and Long-Term	Total
<b>Consumer Loans-TL</b>	<b>646.411</b>	<b>85.821.773</b>	<b>86.468.184</b>
Real Estate Loans <sup>(2)</sup>	10.267	53.120.597	53.130.864
Vehicle Loans	2.870	185.093	187.963
Consumer Loans <sup>(2)</sup>	633.274	32.516.083	33.149.357
Other	-	-	-
<b>Consumer Loans- Indexed to FC</b>	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>1.015</b>	<b>47.303</b>	<b>48.318</b>
Real Estate Loans	-	8.650	8.650
Vehicle Loans	-	-	-
Consumer Loans	1.015	38.653	39.668
Other	-	-	-
<b>Individual Credit Cards-TL</b>	<b>3.984.962</b>	<b>111.853</b>	<b>4.096.815</b>
With Installment	1.236.520	108.490	1.345.010
Without Installment	2.748.442	3.363	2.751.805
<b>Individual Credit Cards-FC</b>	<b>512</b>	-	<b>512</b>
With Installment	-	-	-
Without Installment	512	-	512
<b>Personnel Loans-TL</b>	<b>11.443</b>	<b>248.606</b>	<b>260.049</b>
Real Estate Loans	-	2.372	2.372
Vehicle Loans	-	-	-
Consumer Loans	11.443	246.234	257.677
Other	-	-	-
<b>Personnel Loans-Indexed to FC</b>	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>110.144</b>	<b>1.995</b>	<b>112.139</b>
With Installment	41.792	1.904	43.696
Without Installment	68.352	91	68.443
<b>Personnel Credit Cards-FC</b>	<b>35</b>	-	<b>35</b>
With Installment	-	-	-
Without Installment	35	-	35
<b>Overdraft Accounts-TL (Real Person)</b>	<b>1.252.796</b>	-	<b>1.252.796</b>
<b>Overdraft Accounts-FC (Real Person)</b>	-	-	-
<b>Total <sup>(1)</sup></b>	<b>6.007.318</b>	<b>86.231.530</b>	<b>92.238.848</b>

<sup>(1)</sup> TL 626.405 of interest income accrual is not included in the table above.

<sup>(2)</sup> Consumer loans originated from funds amounting to TL 3.860.040 of are included in the table above.

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**SECTION FIVE (Continued)**

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

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

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

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

<b>Current Period 30 September 2018</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Commercial Installment Loans-TL</b>	<b>1.487.417</b>	<b>33.667.813</b>	<b>35.155.230</b>
Business Loans	1.313	461.908	463.221
Vehicle Loans	43.865	824.072	867.937
Consumer Loans	1.442.239	32.381.833	33.824.072
Other	-	-	-
<b>Commercial Installment Loans- Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Commercial Installment Loans - FC</b>	<b>134.218</b>	<b>31.843.582</b>	<b>31.977.800</b>
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	134.218	31.843.582	31.977.800
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>924.066</b>	<b>14.735</b>	<b>938.801</b>
With Installment	312.735	14.691	327.426
Without Installment	611.331	44	611.375
<b>Corporate Credit Cards-FC</b>	<b>93</b>	<b>-</b>	<b>93</b>
With Installment	-	-	-
Without Installment	93	-	93
<b>Overdraft Account-TL (Legal Entity)</b>	<b>481.583</b>	<b>-</b>	<b>481.583</b>
<b>Overdraft Account-FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total <sup>(1)</sup></b>	<b>3.027.377</b>	<b>65.526.130</b>	<b>68.553.507</b>

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

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

	<b>Current Period 30 September 2018</b>
Domestic Loans	365.981.278
Foreign Loans	9.486.509
Interest Income Accruals of Loans	10.314.004
<b>Total</b>	<b>385.781.791</b>

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

	<b>Current Period 30 September 2018</b>
Direct loans granted to subsidiaries and associates	2.418.462
Indirect loans granted to subsidiaries and associates	-
<b>Total</b>	<b>2.418.462</b>

**7.7. Specific provisions provided against loans**

	<b>Current Period 30 September 2018</b>
Loans and other receivables with limited collectability	212.120
Loans and other receivables with doubtful collectability	855.203
Uncollectible loans and other receivables	3.698.934
<b>Total</b>	<b>4.766.257</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 FIVE (Continued)**

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

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

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

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

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectible loans and receivables</b>
<b>Current Period 30 September 2018</b>	<b>22.157</b>	<b>62.340</b>	<b>159.749</b>
Gross amounts before the provisions	-	-	-
Rescheduled loans	22.157	62.340	159.749

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans with limited collectability</b>	<b>Loans with doubtful collectability</b>	<b>Uncollectible loans</b>
<b>Prior Period Ending Balance</b>	<b>355.665</b>	<b>490.272</b>	<b>3.928.392</b>
Additions (+)	2.052.934	120.126	139.652
Transfers from Other Categories of Loans under Follow-Up (+)	-	1.522.217	686.920
Transfers to Other Categories of Loans under Follow-Up (-)	1.522.217	686.920	-
Collections (-)	226.253	159.885	424.373
Write-offs (-)	13.528	920	28.401
Sold Portfolio (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Current Period End Balance</b>	<b>646.601</b>	<b>1.284.890</b>	<b>4.302.190</b>
Provision (-)	212.120	855.203	3.698.934
<b>Net Balance on Balance Sheet</b>	<b>434.481</b>	<b>429.687</b>	<b>603.256</b>

**7.8.3. Information on Foreign Currency Non-Performing Loans**

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans with limited collectability</b>	<b>Loans with doubtful collectability</b>	<b>Uncollectible loans</b>
<b>Current Period: 30 September 2018</b>			
<b>Period Ending Balance</b>	<b>1.467</b>	<b>1.766</b>	<b>27.196</b>
Provision (-)	571	1.155	25.515
<b>Net Balance on Balance Sheet</b>	<b>896</b>	<b>611</b>	<b>1.681</b>

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans and other receivables with limited collectability</b>	<b>Loans and other receivables with doubtful collectability</b>	<b>Uncollectible loans and other receivables</b>
<b>Current Period (Net) 30 September 2018</b>	<b>434.481</b>	<b>429.687</b>	<b>603.256</b>
Loans to Real Persons and Legal Entities (Gross)	646.601	1.284.890	4.204.588
Specific Provisions (-)	212.120	855.203	3.601.332
Loans to Real Persons and Legal Entities (Net)	434.481	429.687	603.256
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	97.602
Specific Provisions (-)	-	-	97.602
Other Loans and Receivables (Net)	-	-	-



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 SEPTEMBER 2018

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information Related to Loans (Continued)

7.8. Information On Non-Performing Receivables (Net)

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period (Net) 30 September 2018 <sup>(1)</sup>	25.416	20.219	1.653
Interest Accruals and Valuation Differences	37.345	47.029	2.895
Provision (-)	11.929	26.810	1.242

<sup>(1)</sup> The amounts in the table consist of uncollected accrual and rediscount balances before the transition to non-performing receivables.

8. Financial Assets Measured at Amortised Cost

8.1. Information on Comparative Net Values of Subject to Repo Transactions and Given as a Collateral/Blocked

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

	Current Period 30 September 2018	
	TL	FC
Government Bonds	2.151.808	2.003.063
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-
Asset Backed Securities	-	-
Other	-	-
<b>Total</b>	<b>2.151.808</b>	<b>2.003.063</b>

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

	Current Period 30 September 2018	
	TL	FC
Bills	-	-
Bonds and Similar Investment Securities	2.612.395	3.354.829
Other	-	-
<b>Total</b>	<b>2.612.395</b>	<b>3.354.829</b>

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

	Current Period 30 September 2018
Government Bonds	10.364.662
Treasury Bills	-
Other Public Sector Debt Securities	-
<b>Total</b>	<b>10.364.662</b>

8.3. Information on Investments Measured at Amortised Cost

	Current Period 30 September 2018
Debt securities	10.480.781
Quoted in a Stock Exchange	10.364.662
Not Quoted in a Stock Exchange	116.119
Provision for Impairment (-)	-

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 SEPTEMBER 2018

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

<b>Total</b>	<b>10.480.781</b>
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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Financial Assets Measured at Amortised Cost (Continued)

8.4 Movements of Financial Assets Measured at Amortised Cost

	Current Period 30 September 2018
<b>Beginning Balance</b>	<b>7.595.887</b>
Foreign Currency Differences on Monetary Assets	2.571.014
Purchases During the Year <sup>(1)</sup>	3.118.782
Disposals through Sales and Redemptions	(2.804.902)
Provision for Impairment (-)	-
<b>Period End Balance</b>	<b>10.480.781</b>

<sup>(1)</sup> 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	25,00	15,43

	Total Assets <sup>(2)</sup>	Shareholders’ Equity <sup>(2)</sup>	Total Non- Current Assets <sup>(2)(3)</sup>	Interest Income <sup>(2)</sup>	Income from Marketable Securities <sup>(2)</sup>	Current Period Profit / Loss <sup>(2)</sup>	Prior Period Profit / Loss <sup>(2)</sup>	Fair Value <sup>(1)</sup>
1	105.286	68.797	48.892	4.119	-	19.703	6.983	-
2	291.183	176.342	151.912	1.487	-	30.093	36.919	-
3	6.504.738	827.515	116.633	187.548	25.961	63.711	66.783	-

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

<sup>(2)</sup> Current period information of associates has been provided from unaudited financial statements as of 30 September 2018. Prior period profit/loss information of associates has been provided from audited financial statements as of 30 September 2017.

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

9.2. Information about Associates (Net)

	Current Period 30 September 2018
<b>Balance at the Beginning of the Period</b>	<b>88.846</b>
<b>Movement During the Period</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>
Capital Commitments	-
Period Ending Share of Capital Participation (%)	15,43

**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)**

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

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

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

	<b>Current Period 30 September 2018</b>
Banks	88.846
Insurance Companies	-
Factoring Companies	-
Leasing Companies	-
Finance Companies	-
Other Financial Associates	-

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

None (31 December 2017: None).

**10. 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.

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

**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.**

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

**SECTION FIVE (Continued)**

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

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

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

	Total Assets <sup>(4)</sup>	Shareholders' Equity <sup>(4)</sup>	Total Non-Current Assets <sup>(4)</sup>	Interest Income <sup>(3)(4)</sup>	Income from Marketable Securities <sup>(2)(4)</sup>	Current Period Profit / Loss <sup>(4)</sup>	Prior Period Profit / Loss <sup>(4)</sup>	Fair Value <sup>(1)</sup>	Shareholders equity amount needed
1	7.323.671	868.817	1.585	217.870	-	382.070	314.019	-	-
2	1.541.125	566.542	914	100.430	-	217.092	158.955	-	-
3	3.682.429	365.814	1.430	5.673	-	30.708	69.537	-	-
4	245.286	165.212	341	-	789.413	51.322	28.098	-	-
5	60.096	53.642	437	6.044	23.061	14.373	10.728	-	-
6	21.728.699	1.640.386	121.455	1.291.286	75.268	242.045	98.592	-	-
7	1.586.718	1.584.314	1.368.512	578	-	33.531	43.279	-	-
8	56.639	9.066	4.977	1.190	223	(4.029)	(1.108)	-	-
9	10.294.809	1.558.311	25.371	274.945	2.641	76.161	51.004	1.467.697	-
10	3.410.840	674.338	120.705	107.081	233	(46.251)	6.305	719.839	-
11	611.568	241.853	16.178	42.184	286	16.664	10.269	150.954	-
12	1.003.902	431.423	20.563	51.479	-	31.158	16.178	286.462	-
13	741.043	226.054	59.638	32.806	522	5.572	6.580	162.098	-
14	423.973	95.548	4.061	9.505	677	(4.173)	(2.643)	100.755	-
15	207.120	94.326	9.806	4.645	2.818	4.388	1.183	70.562	-
16	374.261	156.468	3.365	23.620	-	3.028	8.894	115.629	-

<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> The information about Ziraat Katılım Bankası A.Ş. is obtained from the audited financial statements dated 30 September 2018. Information about other subsidiaries are obtained from the unaudited financial statements as of 30 September 2018. Prior period profit / loss figures of all subsidiaries are obtained from audited financial statements as of 30 September 2017.

	<b>Current Period 30 September 2018</b>
<b>Balance at the Beginning of the Period</b>	<b>5.138.250</b>
<b>Movements During the Period</b>	<b>1.468.683</b>
Additions to Scope of Consolidation	-
Purchases <sup>(1)(2)</sup>	770.211
Bonus Shares Obtained	-
Dividends from current year income	-
Sales	-
Revaluation Increase	698.472
Impairment Provision (-)	-
<b>Balance at the End of the Period</b>	<b>6.606.933</b>
Capital Commitments	-
Share percentage at the end of the period (%)	-

<sup>(1)</sup> Paid Capital Increases made during the period are classified under "Purchases" account.

**10.2. Sectoral Information and Related Amounts of Subsidiaries**

	<b>Current Period 30 September 2018</b>
Banks	4.827.697
Insurance Companies	129.972
Factoring Companies	-
Leasing Companies	282.839
Financing Companies	-
Other Financial Subsidiaries	1.366.425

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

None (31 December 2017: None).

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

**SECTION FIVE (Continued)**

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

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

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

<b>Entities under Common Control (Joint Ventures) <sup>(1)</sup></b>	<b>Parent Bank’s Share<sup>(2)</sup></b>	<b>Group’s Share</b>	<b>Current Assets</b>	<b>Non-Current Assets</b>	<b>Long Term Liabilities</b>	<b>Income</b>	<b>Expense</b>
Turkmen Turkish Joint Stock Commercial Bank	104.464	104.464	3.977.342	17.538	26.756	70.186	40.824
<b>Total</b>	<b>104.464</b>	<b>104.464</b>	<b>3.977.342</b>	<b>17.538</b>	<b>26.756</b>	<b>70.186</b>	<b>40.824</b>

<sup>(1)</sup> Information on entity under joint control is provided from the unaudited financial statements as of 30 September 2018.

<sup>(2)</sup> Represents the Bank’s share in the shareholders’ equity of this entity under common control based on the shareholding rate of the Bank.

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

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

The Bank has no finance lease receivables.

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

The Bank has no derivative financial assets for hedging purposes.

**14. Information on Investment Property**

None.

**15. Information on Deferred Tax Asset if Available**

The Bank has deferred tax asset amounting to TL 1.709.365.

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

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

The sum of TL 1.087.096 of the real estates acquired by the Bank, TL 15.434 due to individual receivables, TL 987.816 due to commercial receivables and TL 83.846 due to agricultural receivables, and the total of the securities acquired due to individual receivables was realized as TL 2.838.

**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.**

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

**SECTION FIVE (Continued)**

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

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

**17. Explanations on Property And Equipment**

	<b>Immovables</b>	<b>Tangibles- Financial Leasing</b>	<b>Vehicles</b>	<b>Operational Leasing Development Costs</b>	<b>Other Tangibles</b>	<b>Total</b>
<b>Prior Period End</b>						
Cost	5.702.197	14.088	45.179	249.457	1.016.647	7.027.568
Accumulated Depreciation (-)	995.606	4.730	30.380	184.635	568.678	1.784.029
Impairment (-)	2.768	-	-	-	-	2.768
<b>Net Book Value</b>	<b>4.703.823</b>	<b>9.358</b>	<b>14.799</b>	<b>64.822</b>	<b>447.969</b>	<b>5.240.771</b>
<b>Current Period End</b>						
Net Book Value at the Beginning of the Period	4.703.823	9.358	14.799	64.822	447.969	5.240.771
Change During the Period (Net)	(110.657)	(551)	(4.369)	(18.626)	(53.224)	(187.427)
- Cost	(104.004)	539	(75)	5.672	47.425	(50.443)
- Depreciation – net (-)	6.473	1.090	4.294	24.298	100.649	136.804
- Impairment (-)	180	-	-	-	-	180
Net Currency Translation from Foreign Subsidiaries	-	-	-	-	-	-
Cost at Period End	5.598.193	14.627	45.104	255.129	1.064.072	6.977.125
Accumulated Depreciation at Period End (-)	1.002.079	5.820	34.674	208.933	669.327	1.920.833
Impairment (-)	2.948	-	-	-	-	2.948
<b>Closing Net Book Value</b>	<b>4.593.166</b>	<b>8.807</b>	<b>10.430</b>	<b>46.196</b>	<b>394.745</b>	<b>5.053.344</b>

**18. The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this:**

None.

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

None.

**20. Information on expected credit loss for financial investments**

	<b>Current Period 30 September 2018</b>
Cash and balances at Central Bank	507
Banks and Receivables from Money Markets	3.881
Financial assets measured at amortised cost	997
Other Assets	43.103
<b>Total</b>	<b>48.488</b>

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

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**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018**

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**SECTION FIVE**

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

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

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

*Information on balances with Central Bank of the Republic of Turkey*

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

*Information on Required Reserves*

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

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

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

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

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

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

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

None.

**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.**

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**SECTION FIVE**

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

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

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

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

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

**24.1. Information on Bank Balances as of 31 December 2017**

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

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

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

**26. Information on Financial Assets Available For Sale**

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



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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

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

27. Information Related to Loans as of 31 December 2017

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	Group III	Group IV	Group V
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
<b>Prior Period 31 December 2017</b>			
<b>Period Ending Balance</b>	<b>796</b>	<b>732</b>	<b>17.575</b>
Specific Provision (-)	796	732	17.575
<b>Net Balance on Balance Sheet</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

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

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

	Group III	Group IV	Group V
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
<b>Prior Period (Net) 31 December 2017</b>	<b>330</b>	<b>2.617</b>	<b>222.539</b>
Loans to Real Persons and Legal Entities (Gross)	355.665	405.447	3.928.392
Specific Provisions (-)	355.335	402.830	3.705.853
Loans to Real Persons and Legal Entities (Net)	330	2.617	222.539
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	84.825	-
Specific Provisions (-)	-	84.825	-
Other Loans and Receivables (Net)	-	-	-

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

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

*Held-to-maturity investments subject to repo transactions*

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

*Held-to-maturity investments given as collateral or blocked*

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

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

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

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

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

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

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

**28.4 Movements of Held-to-Maturity Investments as of 31 December 2017**

	<b>Prior Period 31 December 2017</b>
<b>Beginning Balance</b>	<b>8.749.464</b>
Foreign Currency Differences on Monetary Assets	323.336
Purchases During the Year <sup>(1)</sup>	433.646
Disposals through Sales and Redemptions	(1.910.559)
Provision for Impairment (-)	-
<b>Period End Balance</b>	<b>7.595.887</b>

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

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

**29.1. Information about Associates as of 31 December 2017**

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

	<b>Total Assets<sup>(2)</sup></b>	<b>Shareholders’ Equity<sup>(2)</sup></b>	<b>Total Non- Current Assets<sup>(2)(3)</sup></b>	<b>Interest Income<sup>(2)</sup></b>	<b>Income from Marketable Securities<sup>(2)</sup></b>	<b>Current Period Profit / Loss<sup>(2)</sup></b>	<b>Prior Period Profit / Loss<sup>(2)</sup></b>	<b>Fair Value<sup>(1)</sup></b>
1	93.761	51.077	53.466	1.547	-	11.181	10.403	-
2	263.183	158.185	150.459	1.720	-	36.272	34.759	-
3	5.063.759	785.384	115.205	164.771	58.528	80.268	61.597	-

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

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

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

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

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

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

	<b>Prior Period 31 December 2017</b>
<b>Balance at the Beginning of the Period</b>	<b>88.846</b>
<b>Movement During the Period</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>
Capital Commitments	
Period Ending Share of Capital Participation (%)	15,43

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

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

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

None.

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

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

**30.1. Information on Subsidiaries as of 31 December 2017**

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

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

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

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

	Total Assets <sup>(3)</sup>	Shareholders’ Equity <sup>(3)</sup>	Total Non- Current Assets <sup>(3)</sup>	Interest Income <sup>(3)(4)</sup>	Income from Marketable Securities <sup>(2)(3)</sup>	Current Period Profit / Loss <sup>(3)</sup>	Prior Period Profit /Loss (3)	Fair Value (1)	Shareholders equity amount needed
1	5.785.955	663.224	2.457	200.552	-	449.105	231.541	-	-
2	1.152.752	439.579	1.450	94.377	-	226.794	128.912	-	-
3	2.637.889	331.959	1.498	1.720	-	65.203	30.003	-	-
4	185.304	127.203	494	78.960	856.821	51.053	24.935	-	-
5	44.966	39.205	618	3.800	28.198	15.820	8.582	-	-
6	12.043.556	1.352.853	74.261	625.722	32.865	98.592	12.437	-	-
7	1.551.822	1.550.783	1.253.180	168	-	236.712	13.585	-	-
8	62.950	13.444	19.131	961	150	2.823	2.467	-	-
9	7.894.189	979.381	18.750	221.983	2.440	74.888	48.173	971.937	-
10	2.409.237	371.514	81.996	89.695	253	10.973	319	337.820	-
11	412.101	164.371	11.889	35.441	252	11.162	7.271	150.954	-
12	648.822	289.377	15.193	38.218	8.078	23.486	21.508	286.462	-
13	410.543	140.611	26.999	24.712	433	8.676	10.149	162.098	-
14	238.128	32.067	4.074	7.525	258	(3.759)	(3.736)	30.508	-
15	136.031	44.890	5.477	2.466	910	1.204	-	53.605	-
16	198.326	98.046	1.544	10.981	-	53.719	11.186	115.629	-

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

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

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

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



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

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**SECTION FIVE**

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

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

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

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

	<b>Prior Period 31 December 2017</b>
<b>Balance at the Beginning of the Period</b>	<b>4.101.352</b>
<b>Movements During the Period</b>	1.036.898
Additions to Scope of Consolidation	-
Purchases <sup>(1)(2)</sup>	668.492
Bonus Shares Obtained	3.000
Dividends from current year income	-
Transfers to available for sale assets	-
Sales	-
Revaluation Increase	376.366
Impairment Provision (-)	10.960
<b>Balance at the End of the Period</b>	<b>5.138.250</b>
Capital Commitments	-
Share percentage at the end of the period (%)	-

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

<sup>(2)</sup> The share of partnership has increased to 100% and its status become subsidiary from entity under common control and continues its operations as Ziraat Bank Uzbekistan JSC.

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

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

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

None.

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

<b>Entities under Common Control (Joint Ventures) <sup>(1)</sup></b>	<b>Parent Bank's Share <sup>(2)</sup></b>	<b>Group's Share</b>	<b>Current Assets</b>	<b>Non- Current Assets</b>	<b>Long Term Liabilities</b>	<b>Income</b>	<b>Expense</b>
Turkmen Turkish Joint Stock Commercial Bank	51.730	51.730	2.303.598	12.166	12.266	46.932	31.595
<b>Total</b>	<b>51.730</b>	<b>51.730</b>	<b>2.303.598</b>	<b>12.166</b>	<b>12.266</b>	<b>46.932</b>	<b>31.595</b>

<sup>(1)</sup> Information on entity under joint control is provided from the unaudited financial statements as of 31 December 2017.

<sup>(2)</sup> Represents the Bank's share in the shareholders' equity of this entity under common control based on the shareholding rate of the Bank.

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

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

The Bank has no finance lease receivables.

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

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

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

The Bank has no derivative financial assets for hedging purposes.

**34. Information on Investment Property as of 31 December 2017**

None.

**35. Information on Deferred Tax Asset if Available**

The Bank has no deferred tax asset.

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

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

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

**37. Explanations on Property And Equipment**

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

**38. The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this as of 31 December 2017**

None.

**39. Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets as of 31 December 2017**

None.

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

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**SECTION FIVE (Continued)**

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

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

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

**1.1. Information on Maturity Structure of Deposits Collected**

Current Period 30 September 2018	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	30.180.400	-	3.601.893	71.960.032	6.282.187	1.456.501	1.539.925	135.121	115.156.059
Foreign Currency Deposits	36.763.583	-	9.374.346	44.114.653	10.102.834	8.982.930	27.245.788	958	136.585.092
Residents in Turkey	30.194.260	-	8.416.499	33.679.830	6.534.680	4.813.875	8.415.942	801	92.055.887
Residents Abroad	6.569.323	-	957.847	10.434.823	3.568.154	4.169.055	18.829.846	157	44.529.205
Public Sector Deposits	7.197.253	-	5.445.018	4.739.965	819.023	3.789.936	10.171	-	22.001.366
Commercial Inst. Deposits	6.896.479	-	4.549.690	7.129.836	747.105	1.726.106	39.113	-	21.088.329
Other Inst. Deposits	1.831.157	-	1.098.501	4.356.632	764.303	807.885	368.364	-	9.226.842
Precious Metals	5.909.256	-	62.881	816.877	82.400	47.158	61.295	-	6.979.867
Interbank Deposits	3.246.549	-	16.855.958	6.886.955	1.249.176	4.385.198	1.355.500	-	33.979.336
CBRT	1.070	-	-	-	-	-	-	-	1.070
Domestic Banks	280.489	-	15.752.963	275.099	287.707	6.384	2.199	-	16.604.841
Foreign Banks	2.281.562	-	1.102.995	6.611.856	656.075	4.378.814	1.047.907	-	16.079.209
Participation Banks	683.428	-	-	-	305.394	-	305.394	-	1.294.216
Other	-	-	-	-	-	-	-	-	-
<b>Ttotal</b>	<b>92.024.677</b>	<b>-</b>	<b>40.988.287</b>	<b>140.004.950</b>	<b>20.047.028</b>	<b>21.195.714</b>	<b>30.620.156</b>	<b>136.079</b>	<b>345.016.891</b>

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

Current Period 30 September 2018	Under the Guarantee of Deposit Insurance	Exceeding Deposit Insurance Limit
Saving Deposits <sup>(1)</sup>	75.001.739	39.873.094
Foreign Currency Saving Deposits <sup>(1)</sup>	35.799.227	71.428.371
Other Deposits in the form of Saving Deposits	-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance <sup>(2)</sup>	1.171.487	181.075
Deposits at Off-Shore Banking Regions' and under Foreign Authorities' Insurance	-	-

<sup>(2)</sup> Related deposit balances do not include foreign branches.

<sup>(3)</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 179.783 and TL 22.658 respectively, cannot be decomposed by type and are therefore included in the table above.

Based on the Council of Minister's decree dated 29 December 2003 and numbered 2003/6668, TL 663 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 1.165.228 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.

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

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**SECTION FIVE (Continued)**

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

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

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

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

	<b>Current Period 30 September 2018</b>
Deposits and other Accounts in Branches Abroad	72.157
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	8.727
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**

	<b>Current Period 30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
Forward Transactions	519.548	37.970
Swap Transactions	896.680	598.480
Futures Transactions	-	-
Options	5.437	5.551
Other	-	-
<b>Total</b>	<b>1.421.665</b>	<b>642.001</b>

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

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

	<b>Current Period 30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
Borrowings from CBRT	-	-
Domestic Banks and Institutions	1.492.386	5.117.299
Foreign Banks, Institutions and Funds	586.129	37.388.251
<b>Total</b>	<b>2.078.515</b>	<b>42.505.550</b>

**3.2. Maturity Structure of Funds Borrowed**

	<b>Current Period 30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
Short-Term	1.491.108	11.002.070
Medium and Long-Term	587.407	31.503.480
<b>Total</b>	<b>2.078.515</b>	<b>42.505.550</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**

62,50% of the Bank’s total liabilities and equity consist of deposits. Deposits have a diversified base and have steady structures. The Bank’s liabilities are not subject to a significant concentration risk.

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**SECTION FIVE (Continued)**

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

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

**4. Information on Payables to Money Market**

	Current Period 30 September 2018	
	TL	FC
<b>From Domestic Transactions</b>	<b>55.743.784</b>	<b>2.351.920</b>
Financial Institutions and Organizations	55.648.068	2.351.920
Other Institutions and Organizations	91.855	-
Real Person	3.861	-
<b>From Overseas Operations</b>	<b>-</b>	<b>13.544.172</b>
Financial Institutions and Organizations	-	13.544.172
Other Institutions and Organizations	-	-
Real Person	-	-
<b>Total</b>	<b>55.743.784</b>	<b>15.896.092</b>

**5. Information on Securities Issued**

	Current Period 30 September 2018	
	TL	FC
Bank Bonds	1.934.809	127.156
Asset-Backed Securities	-	-
Treasury Bills	-	14.094.757
<b>Total</b>	<b>1.934.809</b>	<b>14.221.913</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)**

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

Information on finance lease payables represented in the table below:

	Current Period 30 September 2018	
	Gross	Net
Less than 1 Year	204	202
Between 1-4 Years	-	-
More than 4 Years	-	-
<b>Total</b>	<b>204</b>	<b>202</b>

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

There are no derivative financial liabilities for hedging purposes.

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

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**SECTION FIVE (Continued)**

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

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

**9. Explanations on Provisions**

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

Foreign exchange loss provisions on foreign currency indexed loans and finance lease receivables amount to TL 26

**9.2. Specific Provisions for Unindemnified Non-Cash Loans**

Specific provisions for unindemnified non-cash loans amount to TL 186.874.

**9.3. Information on Other Provisions**

**9.3.1. Information on Free Provisions For Possible Risks**

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

	<b>Current Period 31 December 2017</b>
Free provisions for possible risks	1.500.367

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

Based on the information provided by the legal department, TL 65.311 provision has been provided in financial statements for the lawsuits against the Bank which are not finalized yet amounting to TL 114.943.

The Bank also provided provisions amounting to TL 186.874 for unindemnified non-cash loans, and TL 191.580 expected credit loss (stage 1 and 2) for non cash loans and TL 40.286 for other provisions. As a result of the provisions mentioned above, the other provision balance on the Bank’s balance sheet amounts to TL 1.984.418.

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

**9.4.1. Employment Termination Benefits and Unused Vacation Rights**

The Bank accounts for its vacation and retirement pay obligations in accordance with the TAS 19 “Employee Benefits”. The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 30 September 2018, unpaid vacation liability amounted to TL 191.850, and employment termination amounted to TL 914.741 are presented under the “Employee Benefits Provision” in the financial statements.

**9.4.2. Additional Bonus Provision Paid to Personnel**

The Bank allocated a total amount of TL 227.305 to the personnel based on the bonus to be paid by the resolution of the General Assembly.

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

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**SECTION FIVE (Continued)**

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

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

**10. Information on Tax Liability**

**10.1. Information on Current Tax Liability**

**10.1.1. Information on Tax Provisions**

As of 30 September 2018, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 469.693.

**10.1.2. Information on Current Taxes Payable**

	<b>Current Period 30 September 2018</b>
Corporate Tax Payable	469.693
Taxation on Income From Securities	341.426
Property Tax	2.420
Banking Insurance Transactions Tax (BITT)	189.147
Foreign Exchange Transactions Tax	76
Value Added Tax Payable	5.438
Other	80.680
<b>Total</b>	<b>1.088.880</b>

**10.1.3. Information on Premiums**

	<b>Current Period 30 September 2018</b>
Social Security Premiums – Employee	40
Social Security Premiums – Employer	54
Bank Social Aid Pension Fund Premium - Employee	11.489
Bank Social Aid Pension Fund Premium - Employer	16.017
Pension Fund Membership Fees and Provisions - Employee	1
Pension Fund Membership Fees and Provisions - Employer	1
Unemployment Insurance - Employee	1.800
Unemployment Insurance – Employer	3.602
Other	-
<b>Total</b>	<b>33.004</b>

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

The Bank does not have any deferred tax liabilities.

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

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

**12. Explanations on Subordinated Debts**

The Bank does not have any subordinated debts.

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

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**SECTION FIVE (Continued)**

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

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

**13. Information on Shareholders’ Equity**

**13.1. Presentation on Paid-In Capital**

	<b>Current Period 30 September 2018</b>
Common stock	5.600.000
Preferred stock	-

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

The Bank does not have a registered capital system.

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

The decision to increase the capital to TL 6.100.000 was approved by the Bank’s Ordinary General Assembly on 13 August 2018, and the capital increase and the related amendment to the articles of association of the Articles of Association were registered on 22 October 2018. It was announced in the Trade Registry Gazette No. 9688. The accounting for this capital increase was made on 9 November 2018 with the permission of BRSA.

**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**

	<b>Current Period 30 September 2018</b>	
	TL	FC
<b>From Subsidiaries, Associates and Entities under Common Control</b>	<b>1.372.968</b>	<b>297.064</b>
Revaluation Difference	(56.476)	297.064
Foreign Exchange Difference	1.429.444	-
<b>From Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>(4.744.053)</b>	<b>(3.561.666)</b>
Revaluation Difference	(7.087.286)	(3.561.666)
Deferred Tax Effect	2.343.233	-
Foreign Exchange Difference	-	-
<b>Total</b>	<b>(3.371.085)</b>	<b>(3.264.602)</b>



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

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**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018**

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**SECTION FIVE (Continued)**

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

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

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

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

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

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

Prior Period 31 December 2017	Under the Guarantee of Deposit Insurance	Exceeding Deposit Insurance Limit
Saving Deposits <sup>(1)</sup>	67.218.784	33.625.630
Foreign Currency Saving Deposits <sup>(1)</sup>	27.562.476	39.848.407
Other Deposits in the form of Saving Deposits	-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance <sup>(2)</sup>	858.357	101.979
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 92.323 and TL 20.507 respectively, cannot be decomposed by type and are therefore included in the table above.

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

Savings Deposit Insurance Fund premiums are calculated based on deposit amount attributable to real persons in domestic branches of the banks. As total of capital amount and interest expense accruals of saving deposits up to TL 100 attributable to a real person is covered by the insurance, TL 718.659 of interest expense accrual is included in the above-mentioned figures in accordance with the Communiqué on Insurance Deposits and Participation Funds and Premiums Collected by the Savings Deposit Insurance Fund published in the Official Gazette dated 15 February 2013 and numbered 28560.

**14.3. Information on Saving Deposits/Real Persons' Private Current And Accession Accounts Not Related to Commercial Transactions in a Turkish Branch of The Bank Whose Head Office is Abroad, And Reasons if it is Covered in Where The Head Office is Located as of 31 December 2017**

The Bank's head office is located in Turkey.

**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 (Prior Period) (Continued)**

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

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

	Prior Period 31 December 2017
Deposits and other Accounts in Branches Abroad	65.522
Deposits of Ultimate Shareholders and Their Close Family Members	-
Deposits of Chairman and Members of the Board of Directors, CEO, Executive Vice Presidents and Their Close Family Members	7.045
Deposits Obtained through Illegal Acts Defined in the 282 <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	-

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

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

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

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

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

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

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

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

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

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 (Prior Period) (Continued)

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

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

18. Information on Securities Issued as of 31 December 2017

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

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

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

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

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

Information on finance lease payables represented in the table below:

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

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

There are no derivative financial liabilities for hedging purposes.

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

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**SECTION FIVE (Continued)**

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

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

**22. Explanations on Provisions as of 31 December 2017**

**22.1. Information on General Provisions as of 31 December 2017**

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

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

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

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

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

**22.4. Information on Other Provisions as of 31 December 2017**

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

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

	<b>Prior Period 31 December 2017</b>
Free provisions for possible risks	1.500.384

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

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

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

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

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

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

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

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**SECTION FIVE (Continued)**

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

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

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

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

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

**23. Information on Tax Liability as of 31 December 2017**

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

**23.1.1. Information on Tax Provisions as of 31 December 2017**

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

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

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

**23.1.3. Information on Premiums as of 31 December 2017**

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

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

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

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

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

**25. Explanations on Subordinated Debts as of 31 December 2017**

The Bank does not have any subordinated debts.

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 (Prior Period) (Continued)

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

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

	Prior Period 31 December 2017	
Common stock		5.600.000
Preferred stock		-

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

The Bank does not have a registered capital system.

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

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

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

There is no share capital amount included in capital.

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

The Bank has no capital commitments.

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

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

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

The Bank has no preferred shares.

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

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

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

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

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

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

	<b>Current Period 30 September 2018</b>
Commitments for Credit Card Expenditure Limits	13.097.599
Other Irrevocable Commitments	13.817.239
Loan Granting Commitments	6.875.210
Payment Commitments for Cheques	2.898.601
Asset Purchase Commitments	6.271.435
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	27.016
Subsidiaries and Associates Capital Contribution Commitments	-
<b>Total</b>	<b>42.987.100</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 378.454 for possible losses arising from the off-balance sheet items in the current year.

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

	<b>Current Period 30 September 2018</b>
Guarantee Letters	104.676.898
Letter of Credits	20.444.474
Bank Acceptances	9.178.252
<b>Total</b>	<b>134.299.624</b>

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

	<b>Current Period 30 September 2018</b>
Letters of Certain Guarantees	69.951.799
Letters of Advance Guarantees	26.219.057
Letters of Temporary Guarantees	2.559.445
Letters of Guarantees Given to Customs Offices	1.527.566
Other Letters of Guarantees	4.419.031
<b>Total</b>	<b>104.676.898</b>

**1.3. Explanations on Non-Cash Loans**

**1.3.1. Total Non-Cash Loans**

	<b>Current Period 30 September 2018</b>
<b>Non-Cash Loans for Providing Cash Loans</b>	<b>941.600</b>
With Original Maturity of One Year or Less	14.432
With Original Maturity of More than One Year	927.168
<b>Other Non-Cash Loans</b>	<b>133.358.024</b>
<b>Total</b>	<b>134.299.624</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 FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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



**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 SEPTEMBER 2018**

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

**SECTION FIVE (Continued)**

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

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

**1. Interest Income**

**1.1. Information on Interest Income from Loans**

	Current Period 30 September 2018	
	TL	FC
<b>Interest on Loans</b> <sup>(1)</sup>	<b>24,199.272</b>	<b>4,998.554</b>
Short Term Loans	6.720.560	285.896
Medium and Long Term Loans	17.365.992	4.712.631
Interest on Non-Performing Loans	112.720	27
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 30 September 2018	
	TL	FC
Central Bank of the Republic of Turkey	32.523	-
Domestic Banks	75.151	340
Foreign Banks	11.167	38.380
Foreign Head Office and Branches	-	-
<b>Total</b>	<b>118.841</b>	<b>38.720</b>

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

	Current Period 30 September 2018	
	TL	FC
Financial Assets at Fair Value through Profit or Loss	1.682	483
Financial Assets at Fair Value Through Other Comprehensive Income	5.042.403	1.013.046
Financial Assets Measured at Amortised Cost	353.693	282.932
<b>Total</b>	<b>5.397.778</b>	<b>1.296.461</b>

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

	Current Period 30 September 2018
Interest Income from Subsidiaries and Associates	44.121

**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 SEPTEMBER 2018**

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

**SECTION FIVE (Continued)**

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

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

**2. Within the Scope of Interest Expense**

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

	Current Period 30 September 2018	
	TL	FC
Banks <sup>(1)</sup>	144.711	909.694
Central Bank of the Republic of Turkey	-	-
Domestic Banks	84.329	53.091
Foreign Banks	60.382	856.603
Foreign Head Office and Branches	-	-
Other Institutions	-	-
<b>Total</b>	<b>144.711</b>	<b>909.694</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 30 September 2018
Interest Expenses Given to Subsidiaries and Associates	193.233

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

	Current Period 30 September 2018	
	TL	FC
Interest Given on Securities Issued	370.853	443.995

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

Account Name	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year		
TL								
Bank Deposit	-	1.036.291	504	-	-	-	-	1.036.795
Saving Deposit	16	223.789	5.959.149	440.214	78.460	72.564	3.579	6.777.771
Public Sector Deposit	379	411.544	466.474	87.547	508.862	754	-	1.475.560
Commercial Deposit	138	484.252	724.581	89.707	142.872	1.453	-	1.443.003
Other Deposit	5	126.447	258.367	71.325	86.455	23.397	-	565.996
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
<b>Total</b>	<b>538</b>	<b>2.282.323</b>	<b>7.409.075</b>	<b>688.793</b>	<b>816.649</b>	<b>98.168</b>	<b>3.579</b>	<b>11.299.125</b>
FC								
Foreign Currency Deposit	547	180.122	636.252	89.699	100.395	281.979	-	1.288.994
Bank Deposit	74	126.039	-	386	613	-	-	127.112
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	189	3.679	331	225	272	-	4.696
<b>Total</b>	<b>621</b>	<b>306.350</b>	<b>639.931</b>	<b>90.416</b>	<b>101.233</b>	<b>282.251</b>	<b>-</b>	<b>1.420.802</b>
<b>Grand Total</b>	<b>1.159</b>	<b>2.588.673</b>	<b>8.049.006</b>	<b>779.209</b>	<b>917.882</b>	<b>380.419</b>	<b>3.579</b>	<b>12.719.927</b>

**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 SEPTEMBER 2018**

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

**SECTION FIVE (Continued)**

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

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

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

	<b>Current Period 30 September 2018</b>
<b>Profit</b>	<b>81.818.482</b>
Foreign Exchange Gains	79.886.865
Profit on Derivative Financial Instruments	1.923.413
Profit from the Capital Market Transactions	8.204
<b>Loss (-)</b>	<b>85.031.187</b>
Foreign Exchange Loss	80.883.984
Loss on Derivative Financial Instruments	4.142.734
Loss from the Capital Market Transactions	4.469

**4. Information on Other Operating Income**

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

There are no significant matters covering the recent developments which have significant effect on the Bank’s income. Besides, of the Bank’s other operating income consists of reversals from prior period provisions amounting to TL 293.788 and income from sales of assets amounting to TL 34.154.

**5. Provision Expenses for Impairment on Loans and Other Receivables**

**Expected Credit Loss Provision in the Scope of TFRS9**

	<b>Current Period 30 September 2018</b>
Expected Credit Loss Provisions	3.164.521
12 month expected credit loss (stage 1)	310.632
Significant increase in credit risk (stage 2)	1.479.182
Non-performing loans (stage 3)	1.374.707
Marketable Securities Impairment Expense	751
Financial Assets at Fair Value through Profit or Loss	-
Financial Assets at Fair Value Through Other Comprehensive Income	751
Subsidiaries, Associates and Entities under Common Control Provision Expenses for Impairment	-
Associates	-
Subsidiaries	-
Joint Ventures	-
Other	-
<b>Total</b>	<b>3.165.272</b>

**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 SEPTEMBER 2018**

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

**SECTION FIVE (Continued)**

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

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

**6. Information on Other Operating Expenses**

	<b>Current Period 30 September 2018</b>
Personnel Expenses <sup>(2)</sup>	2.128.474
Reserve for Employee Termination Benefits	89.761
Bank Social Aid Provision Fund Deficit Provision	-
Tangible Fixed Assets Impairment Expense	101
Depreciation Expenses of Tangible Fixed Assets	168.797
Intangible Assets Impairment Expense	-
Goodwill Impairment Expense	-
Amortization Expenses of Intangible Assets	51.577
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	1.825.489
Operational Leasing Expenses	221.230
Maintenance Expenses	71.567
Advertisement Expenses	116.912
Other Expenses	1.415.780
Loss on Sales of Assets	903
Other <sup>(1)</sup>	1.427.170
<b>Total</b>	<b>5.692.272</b>

<sup>(1)</sup> TL 495.110 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 486.395 consists of taxes, duties and charges expense.

<sup>(2)</sup> “Personnel Expenses” which is not included in “Other Operating Expenses” in the income statement, is included in this table.

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

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

	<b>Current Period 30 September 2018</b>
Net Interest Income	16.471.729
Net Fees and Commissions Income	1.912.097
Other Operating Income	655.783
Dividend Income	290.376
Trading Income/Expense (Net)	(3.212.705)
Personnel Expense (-)	2.128.474
Expected Credit Loss (-)	3.165.272
Other Operating Expenses (-)	3.563.798
<b>Profit / (Loss) From Continuing Operations</b>	<b>7.259.736</b>

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

As of 30 September 2018, TL 1.616.263 of the Bank’s total tax provision expense amounting to TL 1.415.585, consists of current tax expense while remaining balances amounting to TL 200.678 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 5.643.473

**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 SEPTEMBER 2018**

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

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**SECTION FIVE (Continued)**

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

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

**10. Information on Net Profit/Loss**

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

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

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

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

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

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

**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.**

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

**SECTION FIVE (Continued)**

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

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

**12. Interest Income as of 30 September 2017**

**12.1. Information on Interest Income from Loans as of 30 September 2017**

	Prior Period 30 September 2017	
	TL	FC
<b>Interest on Loans</b> <sup>(1)</sup>	<b>17.779.781</b>	<b>2.660.388</b>
Short Term Loans	4.567.168	109.869
Medium and Long Term Loans	13.121.904	2.550.487
Interest on Non-Performing Loans	90.709	32
Premiums from Resource Utilization Support Fund	-	-

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

**12.2. Information on Interest Received from the Banks as of 30 September 2017**

	Prior Period 30 September 2017	
	TL	FC
Central Bank of the Republic of Turkey	15.173	-
Domestic Banks	42.773	700
Foreign Banks	2.969	32.997
Foreign Head Office and Branches	-	-
<b>Total</b>	<b>60.915</b>	<b>33.697</b>

**12.3. Information on Interest Income on Marketable Securities as of 30 September 2017**

	Prior Period 30 September 2017	
	TL	FC
Financial Assets Held for Trading	757	1.076
Financial Assets at Fair Value through Profit and Loss	-	-
Financial Assets Available-for-Sale	3.390.891	606.529
Investments Held-to-Maturity	246.772	232.350
<b>Total</b>	<b>3.638.420</b>	<b>839.955</b>

**12.4. Information on Interest Income from Subsidiaries and Associates as of 30 September 2017**

	Prior Period 30 September 2017
Interest Income from Subsidiaries and Associates	37.456

**13. Within the Scope of Interest Expense as of 30 September 2017**

**13.1. Information on Interest Expense on Borrowings as of 30 September 2017**

	Prior Period 30 September 2017	
	TL	FC
<b>Banks</b> <sup>(1)</sup>	<b>101.137</b>	<b>382.987</b>
Central Bank of the Republic of Turkey	-	-
Domestic Banks	35.336	8.345
Foreign Banks	65.801	374.642
Foreign Head Office and Branches	-	-
Other Institutions	-	-
<b>Total</b>	<b>101.137</b>	<b>382.987</b>

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

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 SEPTEMBER 2018

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

13.2 Information on Interest Expenses Given to Subsidiaries and Associates as of 30 September 2017

	Prior Period 30 September 2017
Interest Expenses Given to Subsidiaries and Associates	118.214

13.3 Information on Interest Given on Securities Issued as of 30 September 2017

	Prior Period 30 September 2017	
	TL	FC
Interest Given on Securities Issued	241.575	200.671

13.4 Maturity Structure of the Interest Expense on Deposits as of 30 September 2017

Account Name	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year		
TL								
Bank Deposit	-	558.148	-	-	-	-	-	558.148
Saving Deposit	1	174.570	4.276.733	304.062	58.303	53.254	432	4.867.355
Public Sector Deposit	648	253.540	373.415	158.313	358.456	619	-	1.144.991
Commercial Deposit	156	374.043	588.177	108.588	102.395	995	-	1.174.354
Other Deposit	44	71.354	192.691	22.852	29.866	72.691	-	389.498
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
<b>Total</b>	<b>849</b>	<b>1.431.655</b>	<b>5.431.016</b>	<b>593.815</b>	<b>549.020</b>	<b>127.559</b>	<b>432</b>	<b>8.134.346</b>
FC								
Foreign Currency Deposit	374	73.962	277.527	46.211	36.683	160.638	7	595.402
Bank Deposit	7	46.111	-	-	1	-	-	46.119
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Gold Vault	-	131	1.447	152	104	93	-	1.927
<b>Total</b>	<b>381</b>	<b>120.204</b>	<b>278.974</b>	<b>46.363</b>	<b>36.788</b>	<b>160.731</b>	<b>7</b>	<b>643.448</b>
<b>Grand Total</b>	<b>1.230</b>	<b>1.551.859</b>	<b>5.709.990</b>	<b>640.178</b>	<b>585.808</b>	<b>288.290</b>	<b>439</b>	<b>8.777.794</b>

14. Information on Trading Profit/Loss (Net) as of 30 September 2017

	Prior Period 30 September 2017
<b>Profit</b>	<b>26.073.337</b>
Foreign Exchange Gains	24.993.990
Profit on Derivative Financial Instruments	1.044.779
Profit from the Capital Market Transactions	34.568
<b>Loss (-)</b>	<b>26.420.133</b>
Foreign Exchange Loss	24.873.212
Loss on Derivative Financial Instruments	1.546.666
Loss from the Capital Market Transactions	255

**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 SEPTEMBER 2018**

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

**SECTION FIVE (Continued)**

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

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

**15. Information on Other Operating Income as of 30 September 2017**

**15.1. Information on Factors Covering The Recent Developments which has Significant Effect on The Bank’s Income And the Extent Of Effect on Income as of 30 September 2017**

There are no significant matters covering the recent developments which have significant effect on the Bank’s income. Main component of the Bank’s other operating income consists of reversals from prior period provisions amounting to TL 492.926 and income from sales of assets amounting to TL 147.985

	<b>Prior Period 30 September 2017</b>
Specific Provisions for Loans and Other Receivables <sup>(1)</sup>	778.158
Group III Loans and Receivables	211.230
Group IV Loans and Receivables	458.353
Group V Loans and Receivables	108.575
General Provision Expenses	750.371
Provision Expenses for the Possible Losses	265.000
Marketable Securities Impairment Expense	212
Financial Assets at Fair Value through Profit and Loss	-
Financial Assets Available for Sale	212
Impairment Losses from Associates, Subsidiaries, Joint Ventures and Marketable Securities Held to Maturity	-
Associates	-
Subsidiaries	-
Entities under Common Control (Business Partners)	-
Investment Securities Held to Maturity	-
Other	401
<b>Total</b>	<b>1.794.142</b>

<sup>(1)</sup> The relevant balance includes the expenses related to the current period. The provision reversals within the period amounting to TL 448.221 are presented in other operating income.

**16. Information on Other Operating Expenses as of 30 September 2017**

	<b>Prior Period 30 September 2017</b>
Personnel Expenses	1.863.966
Reserve for Employee Termination Benefits	67.103
Bank Social Aid Provision Fund Deficit Provision	-
Tangible Fixed Assets Impairment Expense	-
Depreciation Expenses of Tangible Fixed Assets	279.418
Intangible Assets Impairment Expense	-
Goodwill Impairment Expense	-
Amortization Expenses of Intangible Assets	41.680
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	1.409.470
Operational Leasing Expenses	194.807
Maintenance Expenses	46.854
Advertisement Expenses	63.926
Other Expenses	1.103.883
Loss on Sales of Assets	447
Other <sup>(1)</sup>	1.162.693
<b>Total</b>	<b>4.824.777</b>

<sup>(1)</sup> TL 402.399 of other item consists of Saving Deposit Insurance Fund accrual expense while TL 387.511 consists of taxes, duties and charges expense.



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

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

**SECTION FIVE (Continued)**

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

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

**17. Information on Profit/Loss Before Tax from Continuing and Discontinuing Operations as of 30 September 2017**

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

	<b>Prior Period 30 September 2017</b>
Net Interest Income	12.255.279
Net Fees and Commissions Income	1.602.936
Other Operating Income	1.037.557
Dividend Income	283.827
Trading Income/Expense (Net)	(346.796)
Expected Credit Loss (-)	1.794.142
Other Operating Expenses (-)	4.824.777
<b>Profit / (Loss) From Continuing Operations</b>	<b>8.213.884</b>

**18. Information on Tax Provision for Continuing and Discontinuing Operations as of 30 September 2017**

As of 30 September 2017, TL 1.706.745 of the Bank’s total tax provision expense amounting to TL 1.877.329, consists of current tax expense while remaining balances amounting to TL 170.584 consists of deferred tax income.

**19. Explanation on Net Income/Loss for the Period for Continued and Discontinued Operations as of 30 September 2017**

As of 30 September 2017, the Bank’s net operating income after tax amounts to TL 6.507.139.

**20. Information on Net Profit/Loss as of 30 September 2017**

**20.1. Nature, Amount and Frequency of Income and Expenses Arising from Ordinary Banking Activities, if Required for the Understanding the Performance of the Bank in The Current Period as of 30 September 2017**

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

**20.2. The Effect of the Change in Accounting Estimates to the Net Profit/Loss; Including the Effects to the Future Period, if any as of 30 September 2017**

As of 30 September 2017, there is no change in accounting estimates that may require further explanations in the current period.

**21. If Other Items in the Income Statement Exceed 10% of the Income Statement Total, Sub-Accounts Constituting At Least 20% of These Items are Shown Below as of 30 September 2017**

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

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 SEPTEMBER 2018

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. The Transaction Volume of The Risk Group Of The Bank, uncompleted Credit and Deposit Transactions Of The End of The Period and Income And Expenses Related To The Period

Current Period

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Opening Balance	1.622.698	4.428.780	-	-	-	78.923
Closing Balance	2.418.462	6.306.623	-	-	-	646.868
Interest and Commissions Income	44.121	482	-	-	-	-

Prior Period

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Opening Balance	1.190.812	3.442.805	-	-	-	59.823
Closing Balance	1.622.698	4.428.780	-	-	-	78.923
Interest and Commissions Income <sup>(1)</sup>	37.648	678	-	-	-	-

<sup>(1)</sup> Represent the amount of interest and commissions income as of 30 September 2017.

2. Deposits Held By The Bank’s Risk Group

Current 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
Deposits				
Opening Balance	1.760.542			17.708
Closing Balance	2.633.900			42.044
Interest Expense on Deposits	193.233			8.939

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
Deposits				
Opening Balance	1.523.670	-		22.247
Closing Balance	1.760.542	-		17.708
Interest Expense on Deposits	118.214			5.618

<sup>(1)</sup> Represent the amount of interest expense on deposits as of 30 September 2017.

**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.**

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

**SECTION FIVE (Continued)**

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

**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**

<b>The Bank’s Risk Group</b>	<b>Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)</b>	<b>Direct or Indirect Shareholders of the Bank</b>	<b>Other Real and Legal Persons in the Risk Group</b>
The Fair Value Differences Through Profit and Loss			
Opening Balance	555.062	-	-
Closing Balance	1.628.263	-	-
<b>Total Profit/Loss</b>	<b>(32.283)</b>	-	-
Risk Protection Oriented Processes	-	-	-
Opening Balance	-	-	-
Closing Balance	-	-	-
<b>Total Profit/Loss</b>	-	-	-

<b>The Bank’s Risk Group</b>	<b>Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)</b>	<b>Direct or Indirect Shareholders of the Bank</b>	<b>Other Real and Legal Persons in the Risk Group</b>
The Fair Value Differences Through Profit and Loss			
Opening Balance	127.897	-	-
Closing Balance	555.062	-	-
<b>Total Profit/Loss</b>	<b>18.295</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 8.992 (30 September:2017 TL 6.747).

**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)**

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

The decision to increase the capital to TL 6.100.000 was approved by the Bank's Ordinary General Assembly on 13 August 2018, and the capital increase and the related amendment to the Articles of Association were registered on 22 October 2018. It was announced in the Trade Registry Gazette No. 9688. The accounting for this capital increase was made on 9 November 2018 with the permission of BRSA.

The Peja Branch, the third branch of the Bank in Kosovo, has started its banking operations as of 19 October 2018.

**SECTION SIX**

**EXPLANATIONS ON AUDITORS' REVIEW REPORT**

**I. EXPLANATIONS ON AUDITORS' REVIEW REPORT**

As of 30 September 2018, unconsolidated financial statements and explanatory notes of the Bank disclosed herein were reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and Auditors' Review Report dated 9 November 2018 is presented preceding the financial statements.

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

None.

**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 SEPTEMBER 2018**

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

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**SECTION SEVEN <sup>(1)</sup>**

**EXPLANATIONS ON INTERIM ACTIVITY REPORT**

**I. Chairman's Assessment**

We have left behind a quarter in which growth performance has differentiated relatively in developed and developing countries. In the third quarter of 2018, when the contractionary policies of global foreign trade became apparent, it was observed that the synchronization in global growth decreased. In this context, the third quarter was marked to be a quarter where fragility in developing countries' assets were observed with geopolitical developments, rising interest rates in the US and political worries in Italy and the UK.

Following the US economy, which exhibited a steady growth outlook and which is one of the driving forces of the global economy, the US Central Bank continued to raise interest rates in September which formerly began in 2015. The European Central Bank continued to monitor the monetary policy set in June without making any changes in its monetary policy.

The downward risks in the Chinese economy came on the agenda with the continuation of the protectionist behavior observed in global trade. The fact that a possible slowdown in the world's second-largest economy may also push down global growth continues to be highly considered. It was seen that the monetary and fiscal policy responses of the countries differed in a period when the volatility in the financial markets of some relatively vulnerable emerging economies was getting sharper.

The third quarter of 2018, in terms of the Turkish economy, was a period of apparent stabilization trend in the economic activity. It was observed that the economy management focused on financial stability policies in order to reach a strong growth trend in the long term. In order to direct growth to a healthy course, to decrease volatility in TL and to reduce inflation, a harmonized policy set has been prepared and the roadmap of the economy has been determined with the New Economic Programme.

The robust structure of the banking sector has been confirmed during a period of volatility which may be considered as a stress test for the sector. Ziraat Bank as the leading Bank of the sector continues to contribute to our economy through cash and non-cash loans. The Bank, with 70% of its assets consisting of loans, is mainly involved in the financing of the real sector and continues its activities by increasing its support to every sector especially for increasing the exports, narrowing the current account deficit and providing employment. With its restructured and continuously developed business model, infrastructure, human resources and sound financial structure, Ziraat Bank will continue to increase its support as the leading bank of the country in all areas where financing is needed.

**Dr. Ahmet GENÇ**

**Chairman of the Board**

**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.**

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**SECTION SEVEN (Continued)**

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

**II. Assessment of General Manager**

The third quarter of 2018 was a period of intense volatility in the domestic financial markets. As Ziraat Bank, we endeavored to be with our customers who are in need of financing within the responsibility of being the leader and moral bank of our country. While the total assets of Ziraat Bank climbed over half trillion TL, 70% of this size is made of cash loans.

Our total loans including non-cash loans reached TL 519 billion. As in the case of total assets, our total loans have exceeded half trillion TL. 75% of our loan portfolio consists of the loans extended to corporate finance needs.

In the agricultural sector, not only product finance but also the total value chain financing and solutions are among our main strategies. In order to increase the interest of young people in agriculture, to increase number of educated and conscious young farmers and to raise awareness of entrepreneurship in the field of agriculture, young people in the Ziraat Bank Young Farmers Academy started their education.

Ziraat Bank, as the moral bank of our country, meets the financing needs of the customers with favourable terms in every period. In the 9-month period of 2018, Ziraat Bank provided one third of the growth in TL denominated loans. During the same period, while Ziraat Bank continued growing in the housing loans, while the housing loan stock of the sector decreased when Ziraat Bank was excluded. Our market share in the housing loans reached 25%. In addition to housing and general purpose loans, we continue to stand by our customers as a bank providing moral support to our economy with products such as Bağ-Kur Premium Loan, Reconstruction/Housing Amnesty Loan, Paid Military Service Loan and SME Support Loans for those SMEs that had no access to working capital loans in favourable terms.

Ziraat Bank operating with 1.756 branches and 7.169 ATMs within the country and through its domestic subsidiaries in different financial areas and its subsidiary banks and branches in 18 different countries abroad will keep prioritising the balance sheet of our country while continuing to develop and grow as the Ziraat Finance Group.

**Hüseyin AYDIN**

**Member of the Board and CEO**

**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.**

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**SECTION SEVEN (Continued)**

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

**III. Corporate Profile**

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

Ziraat Bank has made great breakthroughs in 154 years, it has created high added value for society and has reached the status of the leading bank.

Turkey's oldest and most powerful bank, Ziraat Bank began its operations in 1863. Starting 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 a rich product and service diversity, long-term know-how 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 potential.

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

1.778 Branches

24.440 Employees

7.169 ATMs

Internet Banking (Individual and Corporate Internet Branch)

Mobile Banking (Ziraat Mobile, Ziraat Tablet, Ziraat Wap)

Telephone Banking

SMS Banking

Ziraat Bank also has a prestigious position in international banking. Operating in 18 countries around the world, the Bank has a large international network with 9 international subsidiary banks, 22 abroad branches and 1 representative office.

On the other hand under the roof Ziraat Finance Group the Bank is the owner of a large portfolio of subsidiaries in Turkey in financial leasing, private pension insurance, insurance, banking, intermediation in capital markets, portfolio management, real estate investment trust and information technology fields. This strong structure is the most important factor supporting Ziraat Bank's ability to provide integrated financial services.

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

**IV. Shareholding Structure**

The paid in capital of T.C. Ziraat Bank is TL 5.600.000.000. The Bank's sole shareholder is Turkish Wealth Fund.

The decision to increase the capital to TL 6.100.000.000 was approved by the Bank's Ordinary General Assembly on 13 August 2018, and the capital increase and the related amendment to the Articles of Association were registered on 22 October 2018. It was announced in the Trade Registry Gazette No. 9688. The accounting for this capital increase was made on 9 November 2018 with the permission of BRSA

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.**

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

**SECTION SEVEN (Continued)**

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

**V. Main Financial Indicators**

<b>ASSETS (TL Million)</b>	<b>30.09.2018</b>
Cash and Cash Equivalents	55.469
Securities Portfolio	87.496
Loans	384.952
Other Assets	24.077
<b>Total Assets</b>	<b>551.994</b>
<b>LIABILITIES (TL Million)</b>	<b>30.09.2018</b>
Deposits	345.017
Non-deposits funds	132.381
Other Liabilities	22.347
Shareholders' Equity	52.249
<b>Total Liabilities</b>	<b>551.994</b>
<b>CHOSEN INCOME-EXPENSES (TL Million)</b>	<b>30.09.2018</b>
Interest Income	36.579
Interest Expense	20.108
Net Interest Income	16.472
Net Fees and Commission Income	1.912
Other Operations Income	656
Other Operations Expense	3.564
Allowance for expected credit losses	3.165
Provision for Losses on Loans Or Other Receivables	7.260
Income Before Taxes From Continuing Operations	1.616
<b>Net Profit/Losses</b>	<b>5.643</b>
<b>RATIOS (%)</b>	<b>30.09.2018</b>
Capital Adequacy Ratio	16,22
Equity / Total Assets	9,5
Cash Loans / Total Assets	69,7
Loans under follow-up (Gross) / Total Loans	1,6
Saving Deposits/ Total Deposits	26,7
FC Assets / FC Liabilities	91,2
Liquid Assets / Total Assets	10,0
	<b>30.09.2018</b>
Return on Assets ( ROA )	1,5
Return on Equity ( ROE )	14,4
Interest Income / Interest Expenses	181,9



**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 SEPTEMBER 2018**

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

**SECTION SEVEN (Continued)**

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

**V. Main Financial Indicators**

<b>ASSETS (TL Million)</b>	<b>31.12.2017</b>
Liquid Assets	48.571
Securities Portfolio	72.019
Loans	298.258
Other Assets	15.427
<b>Total Assets</b>	<b>434.275</b>
<b>LIABILITIES (TL Million)</b>	<b>31.12.2017</b>
Deposits	266.384
Non-deposits funds	98.080
Other Liabilities	22.801
Shareholders’ Equity	47.010
<b>Total Liabilities</b>	<b>434.275</b>
<b>CHOSEN INCOME-EXPENSES (TL Million)</b>	<b>30.09.2017</b>
Interest Income	25.629
Interest Expense	13.374
Net Interest Income	12.255
Net Fees and Commission Income	1.603
Other Operations Income	1.038
Other Operations Expense	4.825
Provision for Losses on Loans Or Other Receivables	1.794
Income Before Taxes From Continuing Operations	8.214
Provision For Taxes On Income From Continuing Operations	1.707
<b>Net Profit/Losses</b>	<b>6.507</b>
<b>RATIOS (%)</b>	<b>31.12.2017</b>
Capital Adequacy Ratio	15,20
Equity / Total Assets	10,8
Cash Loans / Total Assets	68,7
Loans under follow-up (Gross) / Total Loans	1,6
Saving Deposits/ Total Deposits	25,8
FC Assets / FC Liabilities	92,3
Liquid Assets / Total Assets	11,2
	<b>30.09.2017</b>
Return on Assets ( ROA )	2,2
Return on Equity ( ROE )	20,5
Interest Income / Interest Expenses	191,6

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

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**SECTION SEVEN (Continued)**

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

**VI. 2018 III. Interim Activities**

**Correspondent Banking**

In order to increase the resource diversity of the Bank and to create long-term alternative resources, studies on the establishment of a securitization program (Diversified Payment Rights) are underway

It is aimed to provide funds by way of issuance of credit or issuance of bonds via securitizing incoming foreign currency transfers to the Bank.

**Bond Issuance Abroad**

The Bank continued to access foreign funds through issuances in the form of private placement under the GMTN (Global Medium Term Notes) program in the third quarter of 2018.

**Treasury Operations**

The Bank Treasury Group continues to implement the most appropriate financial solutions to meet the needs of its customers in the fastest way possible by taking into account the changing market conditions with the principle of continuously increasing the variety of products and services offered to customers and increasing customer satisfaction to the highest level possible. In this context, the volume of foreign exchange transactions realized through customer-oriented business model increased by 2% compared to the same quarter of the previous year. As in the previous years, in the third quarter of 2018, commercial paper and bond issues in domestic markets continued to be realized in order to reach a differentiated customer base. In the mentioned period, TL 2 billion of commercial paper were issued against the TL 3.5 billion redemption.

Gold deposits increased by 20% in the third quarter of 2018 compared to the end of 2017, reaching a size of 31.2 tons. The Bank's Treasury group successfully managed 50-ton transaction volume in the deposit-sale transactions where customers were heavily traded during the relevant period and provided the customers with time and demand gold deposit options and provided continuous service through all channels

The Bank intermediated the issuance of Euro-denominated government bonds and lease certificates to the domestic and foreign individual investors by The Turkish Ministry of Treasury and Finance that aims to expand the investor base and diversify the financing instruments. In order to allocate the gold sources of under the mattress saving into the national economy, as of 10 September 2018 the Ministry of Treasury and Finance, issued Gold Bond / Gold-based Lease Certificate for the third time in tranches in 81 provinces and in 375 districts with 697 branches.

**Credit Rating Agencies**

Following the downgrade of Turkey sovereign credit ratings to Ba3 from Ba2 on 17 August 2018, Bank's credit ratings have been revised down together with other banks in the sector on 28 August 2018.

Moody's has downgraded the Bank's long-term deposit local currency, long-term deposit foreign currency, long term debt local currency, long term debt foreign currency, baseline credit assessment and adjusted baseline credit assessment notes by one notch and revised the outlook from "under review" to "negative". In addition, after revising the country's long-term foreign currency deposit ceiling from B1 to B2 on 24 September 2018, the Bank's long term foreign currency deposit ceiling was also revised down from B1 to B2 on 26 September 2018

Fitch Ratings, following the one notch downgrade of Turkey sovereign credit ratings on 13 July 2018, has downgraded the Bank's Long Term Foreign Currency IDR by two notches, Long Term Local Currency IDR and Short Term Local Currency IDR by one notch and set outlooks as "negative". Also the Viability Rating and Support Rating Floor are downgraded by two notches. On 01 October 2018, the Bank's Long Term Foreign Currency IDR, Long Term Local Currency IDR, Long Term National Rating, Viability Rating and Rating Support Floor was downgraded by one notch.

**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.**

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

**SECTION SEVEN (Continued)**

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

**VII. 2018 III. Interim Activities(Continued)**

**Financing of Agriculture Sector**

As Ziraat Bank, we continue to provide financial support to the agricultural sector while developing projects for the solution of structural problems of the sector and facilitating access to finance For this purpose we work closely with relevant institutions, organizations and agricultural organizations, especially Ministry of Agriculture and Forestry. In this context, facilitating the access of especially small-scale farmers the most important link of the agricultural value chain, to direct financing is our main focus. For this purpose, efforts are made to diversify loan products and to develop alternative collaterals from farmers' agricultural assets.

In the upcoming period, 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 will be the target production issues of the our Bank.

***TL 58,2 billion loans for financing the agricultural sector***

Ziraat Bank's total loans from its own funds and intermediated loans of public for financing the agricultural sector, reached TL 58,2 billion by the end of the third quarter of 2018.

Our customers operating in the sector continue to use the loan with interest rates ranging from 0% to 8,25% per annum within the scope of subsidies determined on the basis of production subjects in line with the decree issued and communiqué on interest discounted loans in 2018.

In the first nine months of 2018, subsidized (interest discounted) loans amounting to TL 18,8 billion were allocated to producers and companies that are operating in agricultural sector.

In the first nine months of 2018, the Bank extended loans to customers amounting to TL 10 billion for livestock production under various headings. By the end of the third quarter of 2018, the total amount of loans granted for animal production reached TL 20 billion .

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 the end of the third quarter, the Bank has tractor loans totaling TL 8,4 billion and mechanization loans amounting to TL 979 million.

***Young Farmers Academy***

The Young Farmers Academy project, which was developed by the Bank and which intends to bring a new approach to agricultural production and agricultural banking, was introduced to train young farmers , on agricultural production and investments, and to raise awareness of entrepreneurship in agriculture. As a result of the theoretical and practical trainings to be supplied to the participants within the scope of the project, it is aimed to create new employment and business areas and to gain the young people who will be more effective in the future of agriculture. For these purposes, a cooperation protocol was signed with Ankara University. Similar cooperation is targeted to continue in the upcoming period with other universities in other regions where agricultural production is intense.

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

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

**SECTION SEVEN (Continued)**

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

**2018 III. Interim Activities (Continued)**

**Risk Management**

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

Risk management policy is identified as loan risks, market risks, operational risks, balance sheet risks are measured and monitored in accordance with the volume, nature and complexity of the Bank's transactions, and conducting scenario analysis studies and reporting the results. Policies and implementation procedures for the management of risks are performed in accordance with the regulations approved by the Board of Directors on the basis of each type of risk. Within the scope of "Credit Risk Management Project with Advanced Methods", studies are being carried out to calculate credit risk with an internal rating-based approach. The work on designing the data architecture to be used for modeling the risk parameters of the project and calculating the risk weighted asset amount is ongoing. Within the scope of the project, it is aimed to calculate credit risk parameters in line with Basel 3 advanced methods especially for capital allocation and loan pricing processes.

**VII. Other Important Activities**

Within the framework of the developments in the markets, the effort to meet the sources that the companies need to maintain their activities in a healthy manner has been continued by the Bank through all credit channels and in favorable market conditions. The pioneering role of the bank has continued with its contribution to project financing of high value-added investments, that accelerates the country's economy. In addition to the acceleration provided by the credit card, developments to increase resource-generating factors such as cash flow, collection, payment, DBS and deposit volume continued to increase in the first nine months of 2018.

In the third quarter of 2018, the continuation of the communication of the new card brand Bankkart Combo, which combines the credit card and debit card features of Ziraat Bank in a single card, has been carried out. In this context, "Bankkart Combo Nefes Ayları" commercial was presented to the viewers of Bankkart Combo's features, advantages and technology. In addition to the Bankkart Combo's communication, "Altın Tahvili ve Altına Dayalı Kira Sertifikası" and "Euro Faiz Getirili Devlet Tahvili ve Kira Getirili Kira Sertifikası" commercials were watched with great admiration.

ZiraatBank has been providing continuous support to cultural and artistic areas by acting in the spirit of social sharing for 154 years. In the framework of these values, as a part of social responsibility, Ziraat Bank provided the necessary support to the health, education, service and sports activities in the third quarter of 2018.

Within the social media channels where the Bank takes part in order to meet the demands and expectations of its customers in the best possible way and keep customer satisfaction at the highest level, the Bank has reached the position of the most effective bank in the sector with Facebook as of third quarter of 2018. With over 2 million likes and with approximately 336 thousand followers on Twitter, over 126 thousand followers on Instagram and over 61 million views of YouTube page, the effectiveness of Ziraat Bank in social media is increasing day by day.

As of the third quarter of 2018, the number of credit cards was 5.5 million, the market share of credit cards was 8.4% and the monthly turnover market share was 4.2%. The number of debit cards reached 31.5 million and the Bank's sector leadership in the area continued with 18.8% monthly turnover market share.

**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 SEPTEMBER 2018**

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

**SECTION SEVEN (Continued)**

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

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

As of the third quarter of 2018, the number of Member Workplaces is 274 thousand, and the number of terminals is 305 thousand. The turnover of the Bank's Member Workplaces amounted to TL 14.1 billion and its monthly turnover market share was realized as 6.7%.

A new protocol has been signed on 31 August 2018 between Turkish Union of Chambers and Exchange Commodities (TUCEC) and Credit Guarantee Fund, with the purpose of providing working capital finance and surety support under favorable conditions, for SMEs that have an important role in the trade and production in the country, especially for companies which do not have sufficient collateral. Within the scope of the aforementioned protocol, Admission of Chamber deposits are accepted and SME Support Loan loans are allocated. The amount of disbursement in the ongoing project has reached TL 543 million and the Bank is the leader among the banks in the project.

Reconstruction Amnesty Loan products, which were designed for Retail, SME and Corporate segment customers who want to benefit from the reconstruction amnesty, were commissioned as of 3 August 2018. As of the end of the third quarter, within that scope, The Bank has allocated over TL 44.1 million loans to more than 3 thousand customers.

Loan protocol has been signed with The Social Security Institution (SSI) as the only bank for the payment of the premium debts of the insured persons who have accumulated premium debt. In this context, "Bağ-Kur Premium Debt Loan" product was created. As of 31 August 2018, loan disbursements have been terminated and TL 1.2 billion of loans have been provided to over 40 thousand customers in total.

Within the scope of the protocol with SSI, as of the end of the third quarter of 2018, a total of TL 1.71 billion was paid to 4.5 million retired customers by Bank.

The number of digital customers which was 8,7 million at the end of the second quarter 2018, reached 9,6 million as of the end of third quarter 2018.

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

Third quarter of 2018 has been a period where the protectionism directed from the USA to China increased and the fragility in the emerging economies became more visible. Global growth, while losing some momentum in comparison with the first half of the year, has maintained its stable outlook that has been continuing since mid-2016.

The US economy, which displayed a positive outlook, became one of the most prominent economies of global growth this year and showed the highest growth performance of 15 quarters in the second quarter thanks to the pro-growth fiscal policy and the labor market. US Central Bank (FED) increased its policy rate to 2%-2,25% by making the third rate hike in September this year. The Fed's monetary policy continues to normalize. While there is no over-heating in the US economy, this positive outlook is considered as a signal that the FED will continue its gradual rate hikes.

In the quarter we left behind, the positive growth performance of the Eurozone was observed to lose momentum. The external demand left under pressure with protectionist policies, as well as the developments arising from Italy which has to manage a significant budget deficit, has been a factor increasing the sensitivity through the region. While the inflation is consistent with the expectations, the European Central Bank is expected to maintain the interest rates at the current levels until at least the summer of 2019.

We have left behind a quarter where the protectionist rhetoric started to turn into real trade barriers. Although the direct economic effects of the trade-restricting decisions since April are moderate for now, uncertainties for the future have increased. Increased uncertainty is thought to concretize downside risks on global growth by reducing investments. Also; the uncertainty of the UK's withdrawal process from the European Union and the Iranian policies of the US are other topics that might put pressure on global growth in the coming period.

In the third quarter, the fragility in developing countries has become more prominent. Argentina, one of the relatively fragile countries with macroeconomic fundamentals, has difficulty in recovering investor perception despite the assistance of the International Monetary Fund (IMF). China has increased its support to its economy, which has been slowing down by trade tensions, with its fiscal policy and monetary policy. As a result, taking into consideration the tariffs, political uncertainties and capital outflows in emerging markets, the growth expectations for the future have begun to be revised downwards. The IMF also decreased its global growth forecasts by 0.2 percentage points to 3.7% next year.

**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 SEPTEMBER 2018**

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

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**SECTION SEVEN (Continued)**

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

**VIII. Economic Outlook in the World and Turkey (Continued)**

Turkish economy, with the speculative increases in the exchange rates in the third quarter experienced high volatility. The Central Bank of Turkey, in order to limit the cost pressures as a result of the exchange rate developments, has reshaped its monetary stance. Having taken a strong monetary tightening step, the CBRT raised the one-week repo auction rate, which is the policy rate, from 17.75% to 24%. In September, the TL stabilized relatively in line with the monetary policy as well as regulation and supervision in order to ensure price and financial stability. Positive expectations in diplomatic relations, the expectation that direct investments in our country, especially from Qatar, China and the EU will increase, and the expectations that the relations with the USA will develop more positively seem to have supported this positive atmosphere.

It is observed that the increase in financial costs and the composition of total demand have a more balanced appearance. There are strong indications that a stabilization process will soon take place in the economy. Also, it is considered that the positive contribution of net exports to growth and the strong course in tourism will limit the slowdown in demand. With the slowdown in import demand as a result of a slowdown in domestic demand and increasing exports, the improvement in the current account balance is projected to be evident. In the coming periods; following the balancing process with the support of compatible monetary and fiscal policies, it is highly probable that our country will not face any obstacles in reaching its 2023 targets.