

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

Türkiye Cumhuriyeti Ziraat Bankası

Anonim Şirketi

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

12 November 2019

This report contains "Independent Auditors' Review Report" comprising 2 pages and; "Unconsolidated Financial Statements and Related Disclosures and Footnotes" comprising 87 pages.

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

REVIEW REPORT ON UNCONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Introduction

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

Scope of review

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

Basis for the Qualified Conclusion

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

Qualified Conclusion

Based on our review, except for the effect of the matter described in the basis for the qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial information do not presented fairly in all material respects, the financial position of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. at 30 September 2019, 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 financial information provided in the interim activity report in section seven of the accompanying unconsolidated interim financial information is not consistent, in all material respects, with the reviewed unconsolidated interim financial information and explanatory notes.

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

Erdal Tıkmak, SMMM
Partner

12 November 2019
Istanbul, Turkey

Additional paragraph for convenience translation to English:

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



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

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

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

The unconsolidated financial report for 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
- LIMITED 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.

Dr. Ahmet GENÇ
Chairman of the Board

Hüseyin AYDIN
Member of the Board,
CEO

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

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

Bilgehan KURU
Executive Vice President of
Treasury and International Banking

Neslihan ARAS
Senior Vice President of Financial
Management

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

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

SECTION ONE
General Information about the Bank

Page Number

I.	History of the Bank including its incorporation date, initial legal status and amendments to legal status, if any	1
II.	Explanation about the Bank's capital structure, shareholders of the Bank who are in charge of the management and/or auditing of the Bank directly or indirectly, changes in these matters (if any) and the group the Bank belongs to	1
III.	Information on the Board of Directors, members of the audit committee, CEO and executive vice presidents, changes in these matters (if any) and shares of the Bank they possess	1
IV.	Information about the persons and institutions that have qualified shares attributable to the Bank	2
	Summary information on the Bank's activities and services	2
IV.	Differences between The Communique On Preparation Of Consolidated Financial Statements Of Banks and Turkish Accounting Standards and short explanation about the entities subject to full consolidation or proportional consolidation and entities which are deducted from equity or entities which are not included in these three methods	2
V.	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	2

SECTION TWO
Current Period Unconsolidated Financial Statements

I.	Balance sheet- assets	4
II.	Balance sheet- liabilities and equity	5
III.	Statement of off-balance sheet commitments	6
IV.	Statement of profit or loss	7
V.	Statement of profit or loss and other comprehensive income	8
VI.	Statement of changes in shareholders' equity	9
VII.	Statement of cash flows	11

SECTION THREE
Explanations on Accounting Policies

I.	Basis of presentation	12
II.	Explanations on strategy of using financial instruments and foreign currency transactions	13
III.	Explanations on investments in associates, subsidiaries and joint ventures	14
IV.	Explanations on forward transactions, options and derivative instruments	14
V.	Explanations on interest income and expense	14
VI.	Explanations on fee and commission income and expense	14
VII.	Explanations on financial assets	15
VIII.	Explanations on impairment of financial assets	16
IX.	Explanations on offsetting of financial instruments	18
X.	Explanations on sales and repurchase agreements and securities lending transactions	19
XI.	Information on non-current assets or disposal groups 'held for sale' and related to discontinued operations and explanations on liabilities related with these assets	19
XII.	Explanations on goodwill and other intangible assets	20
XIII.	Explanations on tangible assets	20
XIV.	Explanations on leasing transactions	21
XV.	Explanations on provisions, contingent asset and liabilities	21
XVI.	Explanations on obligations related to employee rights	22
XVII.	Explanations on taxation	24
XVIII.	Explanations on borrowings	26
XIX.	Explanations on issuance of share certificates	26
XX.	Explanations on avalized drafts and acceptances	26
XXI.	Explanations on government grants	26
XXII.	Cash and cash equivalents	26
XXIII.	Explanations on segment reporting	26
XXIV.	Explanations on other matters	26

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

I.	Explanations on the components of shareholders' equity	27
II.	Explanations on the currency risk	34
III.	Explanations on the interest rate risk	36
IV.	Explanations on the position risk of equity securities	39
V.	Explanations on liquidity risk management and liquidity coverage ratio	39
VI.	Explanations on leverage	45
VII.	Explanations on risk management	46
VIII.	Explanations on operating segments	47

SECTION FIVE
Explanations and Notes Related to Unconsolidated Financial Statements

I.	Explanations and notes related to assets	50
II.	Explanations and notes related to liabilities	64
III.	Explanations and notes related to off-balance sheet accounts	70
IV.	Explanations and notes related to profit or loss statement	71
V.	Explanations and notes to the risk group of the Bank	75
VI.	Explanations and notes related to subsequent events	76

SECTION SIX
Explanations on Limited Review Report

I.	Explanations on limited review report	76
II.	Explanations and notes prepared by the independent auditors	76

SECTION SEVEN
Explanations on Interim Activity Report

I.	Interim period report included chairman of the board of directors and Ceo's assesments for the interim activities	77
----	---	----

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

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

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

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

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

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

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION ONE (Continued)

GENERAL INFORMATION ABOUT THE BANK (Continued)

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

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

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

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

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

As of 30 September 2019, Bank carries its activities with a grand total of 1.763 branches; 1.739 domestic branches including 19 corporate branches, 69 entrepreneurial branches, 1.646 branches and 5 mobile branches (31 December 2018: 1.750 domestic branches including 1.638 branches, 20 corporate branches, 87 entrepreneurial branches, 5 mobile branches) and 24 branches abroad which are London branch in England, Baghdad and Arbil branches in Iraq, Athens, Komotini, and Xanthi branches in Greece, Sofia, Plovdiv, Kardzhali and Varna branches in Bulgaria, Jeddah branch in Saudi Arabia, Pristina, Prizren, Peja and Ferizaj branch in Kosovo, Bahrain branch in Bahrain, Lefkoşa, Girne, Güzelyurt, Gazimağusa, Gönyeli, Taşkinköy, Karaoğlanoğlu and İskele branches in Turkish Republic of Northern Cyprus. The Bank also has 1 representative office in Tehran, Iran. The Bank's number of employee is 24.380 (31 December 2018: 24.647).

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

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

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

All other subsidiaries are fully consolidated.

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

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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

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

I- BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) ASSETS	Note (Section Five I)	Current Period 30 September 2019			Prior Period 31 December 2018		
		TL	FC	Total	TL	FC	Total
I- FINANCIAL ASSETS (NET)		73.072.525	82.478.532	155.551.057	63.165.314	70.226.928	133.392.242
1.1 Cash and Cash Equivalents		4.007.958	44.960.449	48.968.407	5.688.933	40.547.786	46.236.719
1.1.1. Cash and Balances with Central Bank	(1)	2.979.719	42.494.849	45.474.568	4.824.521	35.667.113	40.491.634
1.1.2 Banks	(4)	976.543	2.465.744	3.442.287	865.081	4.881.130	5.746.211
1.1.3 Receivables from Money Markets		55.001	-	55.001	-	-	-
1.1.4 Allowance for Expected Credit Losses (-)		3.305	144	3.449	669	457	1.126
1.2 Financial Assets Measured at Fair Value Through Profit or Loss	(2)	864.668	6.570.805	7.435.473	501.172	6.230.452	6.731.624
1.2.1 Government Securities		864.668	6.208.526	7.073.194	501.172	5.892.281	6.393.453
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	362.279	362.279	-	338.171	338.171
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income	(5),(6)	67.142.900	29.753.577	96.896.477	55.426.682	22.960.841	78.387.523
1.3.1 Government Securities		66.489.963	29.218.499	95.708.462	55.241.367	22.570.485	77.811.852
1.3.2 Equity Securities		123.369	357.119	480.488	120.095	249.956	370.051
1.3.3 Other Financial Assets		529.568	177.959	707.527	65.220	140.400	205.620
1.4 Derivative Financial Assets	(3)	1.056.999	1.193.701	2.250.700	1.548.527	487.849	2.036.376
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit or Loss		1.056.999	1.193.701	2.250.700	1.548.527	487.849	2.036.376
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		304.810.588	134.306.574	439.117.162	257.237.375	123.962.374	381.199.749
2.1 Loans	(7)	309.836.807	122.318.112	432.154.919	260.187.307	119.143.769	379.331.076
2.2 Receivables from Leasing Transactions		-	-	-	-	-	-
2.3 Factoring Receivables	(12)	-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortized Cost	(8)	5.535.276	12.023.164	17.558.440	5.404.610	4.850.029	10.254.639
2.4.1 Government Securities		5.450.839	12.021.832	17.472.671	5.207.791	4.848.753	10.056.544
2.4.2 Other Financial Assets		84.437	1.332	85.769	196.819	1.276	198.095
2.5 Allowance for Expected Credit Losses (-)		10.561.495	34.702	10.596.197	8.354.542	31.424	8.385.966
III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)	(15)	2.455.394	-	2.455.394	1.225.389	-	1.225.389
3.1 Held for Sale		2.455.394	-	2.455.394	1.225.389	-	1.225.389
3.2 Held from Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		4.385.012	3.260.503	7.645.515	4.380.385	3.222.928	7.603.313
4.1 Investments in Associates (Net)	(9)	99.539	-	99.539	94.912	-	94.912
4.1.1. Associates Accounted by Using Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		99.539	-	99.539	94.912	-	94.912
4.2 Subsidiaries (Net)	(10)	4.285.473	3.152.747	7.438.220	4.285.473	3.115.172	7.400.645
4.2.1 Unconsolidated Financial Subsidiaries		4.279.236	3.152.747	7.431.983	4.279.236	3.115.172	7.394.408
4.2.2 Unconsolidated Non-Financial Subsidiaries		6.237	-	6.237	6.237	-	6.237
4.3 Joint Ventures (Net)	(11)	-	107.756	107.756	-	107.756	107.756
4.3.1. Jointly Controlled Partnerships Accounted by Using Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	107.756	107.756	-	107.756	107.756
V. TANGIBLE ASSETS (Net)	(16)	5.509.146	16.839	5.525.985	5.032.628	12.574	5.045.202
VI. INTANGIBLE ASSETS (Net)		697.789	9.326	707.115	597.576	11.817	609.393
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		697.789	9.326	707.115	597.576	11.817	609.393
VII. INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		1.715	-	1.715	52.297	-	52.297
IX. DEFERRED TAX ASSET		1.518.463	-	1.518.463	1.545.993	-	1.545.993
X. OTHER ASSETS (Net)	(20)	3.691.281	2.014.641	5,705.922	3,490.657	2,991.892	6,482.549
TOTAL ASSETS		396.141.913	222.086.415	618.228.328	336.727.614	200.428.513	537.156.127

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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

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

II- BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) LIABILITIES	Note (Section Five II)	Current Period 30 September 2019			Prior Period 31 December 2018		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(1)	214.866.912	188.640.257	403.507.169	178.236.637	152.829.846	331.066.483
II. FUNDS BORROWED	(3)	3.875.277	29.846.827	33.722.104	2.668.613	31.503.040	34.171.653
III. MONEY MARKET FUNDS	(4)	41.280.266	19.854.225	61.134.491	55.960.316	12.390.480	68.350.796
IV. SECURITIES ISSUED (Net)	(5)	3.418.093	9.425.553	12.843.646	2.817.528	12.612.940	15.430.468
4.1 Bills		2.407.403	314.617	2.722.020	1.806.838	106.896	1.913.734
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		1.010.690	9.110.936	10.121.626	1.010.690	12.506.044	13.516.734
V. FUNDS		6.132.940	-	6.132.940	6.073.748	-	6.073.748
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		6.132.940	-	6.132.940	6.073.748	-	6.073.748
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)	1.090.922	1.862.267	2.953.189	1.156.322	487.170	1.643.492
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		1.090.922	1.862.267	2.953.189	1.156.322	487.170	1.643.492
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES (Net)	(7)	530.101	58.890	588.991	-	221	221
X. PROVISIONS	(9)	3.006.868	240.771	3.247.639	2.750.935	80.626	2.831.561
10.1 General Loan Loss Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		1.475.891	-	1.475.891	1.312.520	-	1.312.520
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		1.530.977	240.771	1.771.748	1.438.415	80.626	1.519.041
XI. CURRENT TAX LIABILITY	(10)	1.918.393	1.708	1.920.101	1.462.416	4.278	1.466.694
XII. DEFERRED TAX LIABILITY	(10)	-	-	-	-	-	-
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	(11)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	(12)	-	8.722.370	8.722.370	-	-	-
14. Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	8.722.370	8.722.370	-	-	-
XV. OTHER LIABILITIES	(6)	9.507.921	8.822.602	18.330.523	8.094.847	10.624.770	18.719.617
XVI. SHAREHOLDERS' EQUITY	(13)	66.588.693	(1.463.528)	65.125.165	59.987.459	(2.586.065)	57.401.394
16.1 Paid-in capital		6.100.000	-	6.100.000	6.100.000	-	6.100.000
16.2 Capital Reserves		(585)	-	(585)	(483)	-	(483)
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		(585)	-	(585)	(483)	-	(483)
16.3. Other Accumulated Comprehensive Income that Will not be Reclassified in Profit or Loss		5.531.769	444.798	5.976.567	5.505.954	206.516	5.712.470
16.4. Other Accumulated Comprehensive Income that Will be Reclassified in Profit or Loss		(1.167.115)	(1.908.326)	(3.075.441)	(3.637.328)	(2.792.581)	(6.429.909)
16.5 Profit Reserves		52.110.376	-	52.110.376	37.320.380	-	37.320.380
16.5.1 Legal Reserves		4.750.183	-	4.750.183	4.026.361	-	4.026.361
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		47.360.193	-	47.360.193	31.732.384	-	31.732.384
16.5.4 Other Profit Reserves		-	-	-	1.561.635	-	1.561.635
16.6 Profit or (Loss)		4.014.248	-	4.014.248	14.698.936	-	14.698.936
16.6.1 Prior Periods' Profit or (Loss)		170.074	-	170.074	6.737.998	-	6.737.998
16.6.2 Current Period Profit or (Loss)		3.844.174	-	3.844.174	7.960.938	-	7.960.938
TOTAL LIABILITIES AND EQUITY		352.216.386	266.011.942	618.228.328	319.208.821	217.947.306	537.156.127

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AS OF 30 SEPTEMBER 2019

(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 2019			Prior Period 31 December 2018		
			TL	FC	Total	TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		144.272.396	295.462.429	439.734.825	95.217.645	212.317.845	307.535.490
I.	GUARANTEES AND WARRANTIES	(1)	38.763.553	78.251.923	117.015.476	38.147.431	83.037.589	121.185.020
1.1	Letters of Guarantee		38.503.135	51.640.823	90.143.958	37.852.640	56.901.700	94.754.340
1.1.1	Guarantees Subject to State Tender Law		1.040.176	11.529.151	12.569.327	1.545.763	12.362.178	13.907.941
1.1.2	Guarantees Given for Foreign Trade Operations		33.065.054	39.078.988	72.144.042	31.771.450	43.373.060	75.144.510
1.1.3	Other Letters of Guarantee		4.397.905	1.032.684	5.430.589	4.535.427	1.166.462	5.701.889
1.2	Bank Acceptances		17.602	7.643.307	7.660.909	26.238	8.286.735	8.312.973
1.2.1	Import Letter of Acceptance		12.677	7.642.786	7.655.463	26.238	8.284.661	8.310.899
1.2.2	Other Bank Acceptances		4.925	521	5.446	-	2.074	2.074
1.3	Letters of Credit		242.816	18.099.185	18.342.001	268.553	17.647.062	17.915.615
1.3.1	Documentary Letters of Credit		242.816	18.084.411	18.327.227	268.553	17.590.326	17.858.879
1.3.2	Other Letters of Credit		-	14.774	14.774	-	56.736	56.736
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		-	868.608	868.608	-	202.092	202.092
1.5.1	Endorsements to the Central Bank of Turkey		-	868.608	868.608	-	202.092	202.092
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		-	-	-	-	-	-
1.9	Other Warranties		-	-	-	-	-	-
II.	COMMITMENTS	(1)	53.149.086	16.113.578	69.262.664	35.804.240	10.058.079	45.862.319
2.1	Irrevocable Commitments		53.149.086	16.113.578	69.262.664	35.804.240	10.058.079	45.862.319
2.1.1	Asset Purchase and Sale Commitments		7.698.050	13.067.291	20.765.341	2.164.112	5.010.133	7.174.245
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		5.250	-	5.250	-	-	-
2.1.4	Loan Granting Commitments		10.176.236	1.434	10.177.670	8.547.764	393	8.548.157
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		3.582.105	-	3.582.105	2.773.071	-	2.773.071
2.1.8	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9	Commitments for Credit Card Limits		22.192.017	-	22.192.017	13.341.463	-	13.341.463
2.1.10	Commitments for Credit Cards and Banking Services Promotions		35.083	-	35.083	23.620	-	23.620
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		9.460.345	3.044.853	12.505.198	8.954.210	5.047.553	14.001.763
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS		52.359.757	201.096.928	253.456.685	21.265.974	119.222.177	140.488.151
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		52.359.757	201.096.928	253.456.685	21.265.974	119.222.177	140.488.151
3.2.1	Forward Foreign Currency Buy/Sell Transactions		4.048.446	5.696.909	9.745.355	2.522.130	5.522.841	8.044.971
3.2.1.1	Forward Foreign Currency Transactions-Buy		1.856.589	3.004.874	4.861.463	1.014.221	2.937.649	3.951.870
3.2.1.2	Forward Foreign Currency Transactions-Sell		2.191.857	2.692.035	4.883.892	1.507.909	2.585.192	4.093.101
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		48.308.169	195.339.669	243.647.838	18.722.244	113.675.362	132.397.606
3.2.2.1	Foreign Currency Swap-Buy		1.118.340	99.117.336	100.235.676	6.779	51.842.375	51.849.154
3.2.2.2	Foreign Currency Swap-Sell		47.189.829	54.102.481	101.292.310	18.715.465	33.287.327	52.002.792
3.2.2.3	Interest Rate Swap-Buy		-	21.059.926	21.059.926	-	14.272.830	14.272.830
3.2.2.4	Interest Rate Swap-Sell		-	21.059.926	21.059.926	-	14.272.830	14.272.830
3.2.3	Foreign Currency, Interest rate and Securities Options		3.142	60.350	63.492	21.600	43.974	45.574
3.2.3.1	Foreign Currency Options-Buy		1.571	30.175	31.746	10.800	11.987	22.787
3.2.3.2	Foreign Currency Options-Sell		1.571	30.175	31.746	10.800	11.987	22.787
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		1.802.562.502	226.299.642	2.028.862.144	1.320.273.303	203.877.366	1.524.150.669
IV.	ITEMS HELD IN CUSTODY		748.896.680	40.377.236	789.273.916	483.537.169	28.520.249	512.057.418
4.1	Customer Fund and Portfolio Balances		200	-	200	-	-	-
4.2	Investment Securities Held in Custody		15.919.744	20.253.791	36.173.535	18.593.440	9.756.471	28.349.911
4.3	Checks Received for Collection		9.946.099	1.208.652	11.154.751	10.552.360	1.236.933	11.789.293
4.4	Commercial Notes Received for Collection		10.887.751	713.274	11.601.025	9.896.272	757.409	10.653.681
4.5	Other Assets Received for Collection		8.816	-	8.816	8.816	-	8.816
4.6	Assets Received for Public Offering		667.096.971	-	667.096.971	421.798.436	-	421.798.436
4.7	Other Items Under Custody		45.035.450	18.201.519	63.236.969	22.686.196	16.769.436	39.455.632
4.8	Custodians		1.649	-	1.649	-	-	1.649
V.	PLEDGES RECEIVED		1.052.420.895	182.981.373	1.235.402.268	835.481.621	172.435.494	1.007.917.115
5.1	Marketable Securities		2.813.923	1.065.731	3.879.654	1.499.608	996.893	2.496.501
5.2	Guarantee Notes		15.689.711	1.847.761	17.537.472	16.636.075	1.778.629	18.414.704
5.3	Commodity		999.801	89.316	1.089.117	1.085.366	85.485	1.170.851
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		836.837.235	119.665.917	956.503.152	732.484.160	113.437.562	845.921.722
5.6	Other Pledged Items		196.075.016	60.292.209	256.367.225	83.771.203	56.117.548	139.888.751
5.7	Pledged Items-Depository		5.209	20.439	25.648	5.209	19.377	24.586
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		1.244.927	2.941.033	4.185.960	1.254.513	2.921.623	4.176.136
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		1.946.834.898	521.762.071	2.468.596.969	1.415.490.948	416.195.211	1.831.686.159

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019

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

IV. STATEMENT OF PROFIT OR LOSS INCOME AND EXPENSE ITEMS	Note	Current Period	Prior Period	Current Period	Prior Period
	(Section Five IV)	1 January-30 September 2019	1 January -30 September 2018	1 July -30 September 2019	1 July-30 September 2018
I. INTEREST INCOME	(1)	49.074.577	36.579.419	16.309.326	15.172.260
1.1 Interest on Loans		39.403.638	29.197.826	13.747.015	11.537.333
1.2 Interest Received from Reserve Deposits		405.358	442.787	116.253	187.433
1.3 Interest Received from Banks		269.449	157.561	72.563	65.503
1.4 Interest Received from Money Market Transactions		6.612	22.479	14	8
1.5 Interest Received from Marketable Securities Portfolio		8.885.193	6.694.239	2.353.002	3.358.085
1.5.1 Financial Assets at Fair Value Through Profit or Loss		4.544	2.165	759	1.447
1.5.2 Financial Assets at Fair Value through Other Comprehensive Income		7.869.800	6.055.449	2.061.861	2.994.880
1.5.3 Financial Assets Measured at Amortized Cost		1.010.849	636.625	290.382	361.758
1.6 Financial Lease Interest Income		-	-	-	-
1.7 Other Interest Income		104.327	64.527	20.479	23.898
II. INTEREST EXPENSE (-)	(2)	32.389.145	20.107.690	10.603.039	8.462.438
2.1 Interest on Deposits		22.267.825	12.719.927	7.417.819	5.169.433
2.2 Interest on Funds Borrowed		1.261.811	1.054.405	406.007	498.815
2.3 Interest on Money Market Transactions		7.597.044	5.396.113	2.370.861	2.469.144
2.4 Interest on Securities Issued		986.133	814.848	328.774	312.023
2.5 Financial Lease Interest Expenses		70.940	12	26.522	3
2.6 Other Interest Expenses		205.392	122.385	53.056	13.020
III. NET INTEREST INCOME (I - II)		16.685.432	16.471.729	5.706.287	6.709.822
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		2.475.786	1.912.097	863.063	637.624
4.1 Fees and Commissions Received		4.071.811	2.459.361	1.490.810	881.412
4.1.1 Non-cash Loans		670.012	451.233	226.547	165.374
4.1.2 Other		3.401.799	2.008.128	1.264.263	716.038
4.2 Fees and Commissions Paid		1.596.025	547.264	627.747	243.788
4.2.1 Non-cash Loans		1.151	589	303	366
4.2.2 Other		1.594.874	546.675	627.444	243.422
V. DIVIDEND INCOME		1.059.898	290.376	29.414	15.268
VI. TRADING PROFIT/(LOSS) (Net)	(3)	(6.281.478)	(3.212.705)	(1.786.695)	(1.550.235)
6.1 Profit/Losses from Capital Market Transactions		62.435	3.735	32.028	584
6.2 Profit/Losses from Derivative Financial Transactions		(6.723.469)	(2.219.321)	(2.151.558)	(1.012.991)
6.3 Foreign Exchange Profit/Losses		379.556	(97.119)	332.835	(537.828)
VII. OTHER OPERATING INCOME	(4)	1.134.098	655.783	307.647	209.896
VIII. GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		15.073.736	16.117.280	5.119.716	6.022.375
IX. ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	(5)	3.271.586	3.164.521	1.432.742	1.852.688
X. OTHER PROVISION EXPENSES (-)	(5)	4.364	751	1.336	(9.075)
XI. PERSONNEL EXPENSE (-)		2.575.877	2.128.474	850.335	690.142
XII. OTHER OPERATING EXPENSES (-)	(6)	4.501.721	3.563.798	1.487.501	1.260.988
XIII. NET OPERATING PROFIT/(LOSS) (VIII-IX-X)		4.720.188	7.259.736	1.347.802	2.227.632
XIV. SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-	-	-
XV. PROFIT/(LOSS) FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-	-	-
XVI. INCOME/(LOSS) ON NET MONETARY POSITION		-	-	-	-
PROFIT/(LOSS) BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)	(7)	4.720.188	7.259.736	1.347.802	2.227.632
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(8)	(876.014)	(1.616.263)	(319.229)	(537.245)
18.1 Current Tax Provision		(1.830.518)	(1.415.585)	(1.165.847)	(404.726)
18.2 Expense Effect of Deferred Tax (+)		(2.786.071)	(2.266.116)	(439.552)	(1.413.322)
18.3 Income Effect of Deferred Tax (-)		3.740.575	2.065.438	1.286.170	1.280.803
CURRENT PERIOD PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XVI±XVII)	(9)	3.844.174	5.643.473	1.028.573	1.690.387
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
20.1 Income from Assets Held for Sale		-	-	-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3 Income from Other Discontinued Operations		-	-	-	-
XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1 Expenses on Assets Held for Sale		-	-	-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
21.3 Other Expenses from Discontinued Operations		-	-	-	-
PROFIT/(LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)		-	-	-	-
XXII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1 Current Tax Provision		-	-	-	-
23.2 Expense Effect of Deferred Tax (+)		-	-	-	-
23.3 Income Effect of Deferred Tax (-)		-	-	-	-
XXIV. NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXV. NET PROFIT/(LOSS) (XVIII+XXIV)	(10)	3.844.174	5.643.473	1.028.573	1.690.387
Earnings/(Loss) per share (in TL full)		0,630	1,008	0,169	0,302

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019

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

V. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Current Period 1 January-30 September 2019	Prior Period 1 January-30 September 2018
I. CURRENT PERIOD PROFIT/LOSS	3.844.174	5.643.473
II. OTHER COMPREHENSIVE INCOME	3.429.625	(5.651.241)
2.1 Other Comprehensive Income That Will Not be Reclassified to Profit or Loss	75.157	(104.232)
2.1.1 Property and Equipment Revaluation Increase/Decrease	(179.877)	(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	296.308	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(41.274)	12.987
2.2 Other Comprehensive Income That Will be Reclassified to Profit or Loss	3.354.468	(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	4.300.600	(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	(946.132)	1.220.342
III. TOTAL COMPREHENSIVE INCOME (I+II)	7.273.799	(7.768)

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

VI. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share certificate Cancel profits	Other capital reserves	Other Accumulated Comprehensive Income That Will Not Be Reclassified to Profit or Loss			Other Accumulated Comprehensive Income That Will Be Reclassified to Profit or Loss			Profit Reserves	Prior period net profit/(loss)	Current period net profit/(loss)	Total Equity
					1	2	3	4	5	6				
					Current Period 30 September 2019									
I. Balance at the beginning of the period	6.100.000	-	-	(483)	3.760.738	(57.499)	2.009.231	-	(6.429.909)	-	37.320.380	14.698.936	-	57.401.394
II. Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I+II)	6.100.000	-	-	(483)	3.760.738	(57.499)	2.009.231	-	(6.429.909)	-	37.320.380	14.698.936	-	57.401.394
IV. Total comprehensive income (loss)	-	-	-	-	(161.889)	-	237.046	-	3.354.468	-	-	-	3.844.174	7.273.799
V. Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Increase (decrease) through other changes, equity	-	-	-	(102)	188.940	-	-	-	-	-	143.700	117.434	-	449.972
XI. Profit distribution	-	-	-	-	-	-	-	-	-	-	14.646.296	(14.646.296)	-	-
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	14.574.793	(14.574.793)	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	71.503	(71.503)	-	-
Balance at the end of the period (III+IV+.....+X+XI)	6.100.000	-	-	(585)	3.787.789	(57.499)	2.246.277	-	(3.075.441)	-	52.110.376	170.074	3.844.174	65.125.165

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

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

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

4. Exchange Differences on Translation

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

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

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

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

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").)

VI. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share certificate Cancel profits	Other capital reserves	Other Accumulated Comprehensive Income That Will Not Be Reclassified to Profit or Loss			Other Accumulated Comprehensive Income That Will Be Reclassified to Profit or Loss			Profit Reserves	Prior period net profit/(loss)	Current period net profit/(loss)	Total Equity
					1	2	3	4	5	6				
					Prior Period 30 September 2018									
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 TAS 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 period (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

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

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

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

4. Exchange Differences on Translation

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

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

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019

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

VII. STATEMENT OF CASH FLOWS			
	Note (Section VI)	Current Period 1 January-30 September 2019	Prior Period 1 January-30 September 2018
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		(4.844.716)	(2.244.050)
1.1.1 Interest Received		44.753.398	30.116.954
1.1.2 Interest Paid		(31.437.625)	(18.557.767)
1.1.3 Dividend Received		1.036.613	290.376
1.1.4 Fees and Commissions Received		4.064.117	2.454.085
1.1.5 Other Income		1.576.089	655.784
1.1.6 Collections from Previously Written-off Loans and Other Receivables		1.327.421	810.511
1.1.7 Cash Payments to Personnel and Service Suppliers		(2.938.412)	(2.410.842)
1.1.8 Taxes Paid		(2.002.374)	(1.698.395)
1.1.9 Other		(21.223.943)	(13.904.756)
1.2 Changes in Operating Assets and Liabilities		12.454.342	22.508.580
1.2.1 Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		(703.007)	(21.022)
1.2.2 Net (increase) / decrease in due from banks and other financial institutions		(6.318.938)	(3.055.102)
1.2.3 Net (increase) / decrease in loans		(45.475.208)	(81.582.104)
1.2.4 Net (increase) / decrease in other assets		848.727	(6.207.665)
1.2.5 Net increase / (decrease) in bank deposits		5.060.158	33.978.483
1.2.6 Net increase / (decrease) in other deposits		66.668.067	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		(495.325)	15.214.906
1.2.9 Net increase / (decrease) in payables		-	-
1.2.10 Net increase / (decrease) in other liabilities		(7.130.132)	3.848.140
I. Net Cash Provided from Banking Operations		7.609.626	20.264.530
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II. Net Cash Provided from Investing Activities		(16.247.574)	(17.782.981)
2.1 Cash paid for acquisition of investments, associates and subsidiaries		(1.750)	(770.211)
2.2 Cash obtained from disposal of investments, associates and subsidiaries		-	-
2.3 Purchases of tangible assets		(674.223)	(32.290)
2.4 Disposals of tangible assets		233.044	95.493
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(29.003.823)	(22.752.644)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		15.231.468	8.338.322
2.7 Purchase of Financial Assets Measured at Amortized Cost		(10.131.426)	(3.109.045)
2.8 Sale of Financial Assets Measured at Amortized Cost		2.920.881	2.804.902
2.9 Other		5.178.255	(2.357.508)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		5.126.558	617.240
3.1 Cash Obtained from Funds Borrowed and Securities Issued		15.475.121	8.610.557
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(10.123.630)	(7.993.072)
3.3 Issued Equity Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Lease Liabilities		(224.933)	(245)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		546.879	4.071.994
V. Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)		(2.964.511)	7.170.783
VI. Cash and Cash Equivalents at the Beginning of the Period		23.389.729	13.015.679
VII. Cash and Cash Equivalents at the End of the Period		20.425.218	20.186.462

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

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

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

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

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

In accordance with the “Communiqué amending the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” published in the Official Gazette dated 1 February 2019 with No. 30673, the accompanying previous period financial statements were made compatible with the new financial statement formats.

Changes in Accounting Policies

The Bank has started to apply TFRS 16 Leases standard (“TFRS 16”) in the accompanying financial statements starting from 1 January 2019. For the transactions the Bank is lessee, the Bank used the model the standard projects except for the low value assets and short term leasings (1 year or less).

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued)

Changes in Accounting Policies (Continued)

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

TFRS 16 Leases Standard Transition Effect

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

^(*) The weighted average of alternative borrowing interest rates applied to the Bank's lease obligations are 18,1% for Turkish Lira and 4,6% for Euro.

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

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

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

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

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

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

Investments related to subsidiaries and joint ventures which are operating abroad and recorded in foreign currency are accounted by their fair values. Fair values have been determined by the valuation reports prepared for these subsidiaries and joint ventures and recognized under shareholders’ equity as of the valuation date.

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

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

Derivative financial instruments of the Bank are classified under “IFRS 9 Financial Instruments Standard” , Derivative Financial Assets Designated at Fair Value through Profit or Loss or Derivative Financial Assets Designated at Fair Value through Other Comprehensive Income.

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

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

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

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

Interest income from financial assets are recognized as gross carrying amount according to the effective interest rate method except for interest income from purchased or originated credit-impaired financial assets or financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets.

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

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

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

Classification and measurement within the Scope of TFRS 9

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

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

-Properties of contractual cash flows of a financial asset.

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit/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 profit or loss statement.

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

Financial assets at fair value through other Comprehensive Income

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

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to profit or loss 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 profit or loss 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 profit or loss statement.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

Financial Assets at Fair Value Through Other Comprehensive Income

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

Financial Assets Measured at Amortized Cost

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

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

Fair value through other comprehensive income” and “measured at amortized cost” securities portfolio of the Bank include Consumer Price Index (CPI) Linked Bonds. Mentioned Securities are valued and accounted according to the effective interest rate method which is calculated according to the real coupon rate and the reference inflation index on the issue date. As it is mentioned in the Under secretariat of Treasury’s Investor Guide of CPI Linked Bonds, the reference index used during the calculation of the actual coupon payment amount is the previous two months CPI’s. The Bank determines its expected inflation rates in compliance with this guide.

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

Loans

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

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

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Explanations on Expected Loss Provisions

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

Impairment

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

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

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

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

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

12 Month Expected Credit Losses (Stage 1)

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

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

Significant Increase in Credit Risk (Stage 2)

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

The main criteria taken into consideration in determining the credit risk of the financial asset to be significantly increased and transferred to the stage 2 are , the number of delinquency being 30 days and above, and the Bank's internal early warning system note.

Credit-Impaired Losses (Stage 3)

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

Impairment (Continued)

Credit-Impaired Losses (Stage 3) (Continued)

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

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

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

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

Probability of Default

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

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

Default Amount

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

Loss Given Default

Loss given default refers to the ratio of net loss due to a defaulted loan to the balance at the time of default.

Future Expectations

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

The Methodology of Behavioral Maturity Calculation

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

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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 Non-current assets or disposal groups “held for sale” and “from discontinued operations” 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 profit or loss statement. The Bank does not have any discontinued operations.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

XIII. EXPLANATIONS ON TANGIBLE ASSETS

Tangible assets are measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. As of 31 January 2014 the Bank has changed its accounting policies and has decided to pursue the real estates registered in its portfolio at fair values. In this context, for all real estates registered in the Bank's inventory, appraisal study was carried by independent expertise companies, and from 31 December 2016 valuation results are reflected in the accounting records. As of 30 January 2014, the net book amount of real estates of the tangible assets before valuation was TL 816.950. As of 31 December 2016 the valuation studies have been done and valuation results are reflected to accounting records. As of 30 September 2019, the fair value difference of the net real estates amounting to TL 3.598.849 is followed under shareholders' equity.

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.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Leases in Accordance with TFRS 16

The Bank, measures the operational lease liabilities based on the present value of the lease payments that have not been paid at the date of lease is actually started, in accordance with TFRS 16. Lease payments are discounted by using the Bank’s incremental borrowing rate.

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

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

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

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

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

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

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

XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

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

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

Employment Termination and Vacation Benefits

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

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

The Bank uses independent actuaries in determining liability, and also makes assumptions about issues such as discount rate and inflation. As of 30 September 2019, retirement benefit obligation is TL 951.702 (31 December 2018: TL 824.520).

	Current Period	Prior Period
Discount Rate	16,30%	16,30%
Inflation	12,00%	12,00%

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

The technical balance sheet report as of 31 December 2018 which is prepared in accordance with the new law and the rate determined as 9,80%, concluded no technical deficit arises in the above mentioned fund. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank’s financial statements.

XVII. EXPLANATIONS ON TAXATION

Current Tax

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

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

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

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

Current Tax (Continued)

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

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

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

Deferred Tax

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

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

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

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVIII. EXPLANATIONS ON BORROWINGS

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

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

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

XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

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

XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

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

XXI. EXPLANATIONS ON GOVERNMENT GRANTS

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

XXII. CASH AND CASH EQUIVALENTS

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

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

XXIII. EXPLANATIONS ON SEGMENT REPORTING

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

XXIV. EXPLANATIONS ON OTHER MATTERS

None.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FOUR

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

I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS’ EQUITY

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

As of 30 September 2019 Bank’s total capital has been calculated as TL 77.875.996 (31 December 2018: TL 61.008.521), capital adequacy ratio is 16,91% (31 December 2018:14,82%). This ratio is well above the minimum ratio required by the legislation.

1. Information Related to The Components of Shareholders' Equity

	Current Period 30 September 2019	Amount as per the regulation before 01/01/2014*
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	6.100.000	-
Share issue premiums	-	-
Reserves	52.110.376	-
Gains recognized in equity as per TAS	5.836.845	-
Profit	4.014.248	-
Current Period Profit	3.844.174	-
Prior Period Profit	170.074	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	17.388	-
Common Equity Tier 1 Capital Before Deductions	68.078.857	-
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	2.953.692	-
Improvement costs for operating leasing	25.336	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	707.115	707.115
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FOUR (Continued)

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

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

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

	Current Period 30 September 2019	Amount as per the regulation before 01/01/2014*
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions from Common Equity Tier I Capital	3.686.143	-
Total Common Equity Tier I Capital	64.392.714	-
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	8.536.780	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	8.536.780	-
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of 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 (-)	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	8.536.780	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	72.929.494	-
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	5.072.614	-
Tier II Capital Before Deductions	5.072.614	-
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	5.072.614	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	78.002.108	-

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FOUR (Continued)

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

I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS' EQUITY

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

	Current Period 30 September 2019	Amount as per the regulation before 01/01/2014*
Total Capital (The sum of Tier I Capital and Tier II Capital)	78.002.108	-
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	126.112	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	77.875.996	-
Total Risk Weighted Assets	460.586.922	-
CAPITAL ADEQUACY RATIOS		
CET 1 Capital Ratio (%)	13,98	-
Tier I Capital Ratio (%)	15,83	-
Capital Adequacy Ratio (%)	16,91	-
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	2,52	-
a) Capital conservation buffer requirement (%)	2,50	-
b) Bank specific countercyclical buffer requirement (%)	0,02	-
c) Higher bank buffer requirement ratio (%) (**)	-	-
Additional CET 1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	9,48	-
Amounts Lower than Excesses as per Deduction Rules	-	-
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	177.725	-
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	86.434	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	1.518.463	-
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per the thousand)	5.072.614	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	5.072.614	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(*) Amounts considered within transition provisions.

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FOUR (Continued)

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

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

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

	Prior Period 31 December 2018	Amount as per the regulation before 01/01/2014*
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	6.100.000	-
Share issue premiums	-	-
Reserves	35.758.745	-
Gains recognized in equity as per TAS	7.349.739	-
Profit	14.698.936	-
Current Period Profit	7.960.938	-
Prior Period Profit	6.737.998	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	17.388	-
Common Equity Tier 1 Capital Before Deductions	63.924.808	-
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	6.523.415	-
Improvement costs for operating leasing	39.634	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	609.393	609.393
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FOUR (Continued)

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

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

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

	Prior Period 31 December 2018	Amount as per the regulation before 01/01/2014*
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions from Common Equity Tier I Capital	7.172.442	-
Total Common Equity Tier I Capital	56.752.366	-
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Additional Tier I Capital before Deductions		
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of 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 (-)	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier I capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	56.752.366	-
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	4.258.026	-
Tier II Capital Before Deductions	4.258.026	-
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	4.258.026	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	61.010.392	-

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FOUR (Continued)

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

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

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

	Prior Period 31 December 2018	Amount as per the regulation before 01/01/2014*
Total Capital (The sum of Tier I Capital and Tier II Capital)	61.010.392	-
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA (-)	1.871	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	61.008.521	-
Total Risk Weighted Assets	411.815.001	-
CAPITAL ADEQUACY RATIOS		
CET 1 Capital Ratio (%)	13,78	-
Tier I Capital Ratio (%)	13,78	-
Capital Adequacy Ratio (%)	14,82	-
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	1,89	-
a) Capital conservation buffer requirement (%)	1,88	-
b) Bank specific countercyclical buffer requirement (%)	0,016	-
c) Higher bank buffer requirement ratio (%) (**)	-	-
Additional CET 1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	5,78	-
Amounts Lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	174.201	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	83.917	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	1.545.993	-
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per the thousand)	4.258.026	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	4.258.026	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 01 January 2018-01 January 2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(*) Amounts considered within transition provisions

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FOUR (Continued)

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

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

2. Items Included in Capital Calculation

Information about instruments included in total capital calculation-Current Period	
Issuer	T.C Ziraat Bankası A.Ş.
Identifier (CUSIP, ISIN vb.)	XS1984644739
Governing law (s) of the instrument	Subject to English Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Communiqué VII-128.8 on Debt Instruments of the Capital Markets Board and the Regulation on Bank Capital of the BRSA.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Eligible on unconsolidated and consolidated
Instrument type	Additional Capital Bond Issuance (Tier 1 Capital)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	8.537
Nominal value of instrument (TL million)	8.537
Accounting classification of the instrument	347001-Subordinated Debts
Original date of issuance	24 April 2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Issue date of the instrument	24 April 2019
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	Subject to the approval of the BRSA, a repayment option is available at the end of each 5-year period from the date of issue.
Subsequent call dates, if applicable	24 April 2024
Interest/dividend payment	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	First 5 years fixed 5,076%, next 5 years MS + 5,031% fixed
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	Fully discretionary
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
Convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger(s)	Yes. Article 7 of the Regulation on Bank Capital
If bond can be written-down, full or partial	Has full or partial write down feature
If bond can be written-down, permanent or temporary	Has permanent or temporary write down feature
If temporary write-down, description of write-up mechanism.	Has-write up mechanism
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FOUR (Continued)

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

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

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

	Current Period	Prior Period
Balance Sheet - Equity	65.125.165	57.401.394
Operational Leasing Development Costs	(25.336)	(39.634)
Goodwill and Other Intangible Assets and Related Deferred Taxes Liabilities	(707.115)	(609.393)
TIER 2 Capital (Provisions)	5.072.614	4.258.026
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	8.536.780	-
Other deductions from common equity	(126.112)	(1.871)
Amount recognized in regulatory capital	77.875.996	61.008.521

II. EXPLANATIONS ON THE CURRENCY RISK

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

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

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

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

None.

3. Management Policy for Foreign Currency Risk

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

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

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
23.09.2019	5,6725	6,2391	3,8414	0,8356	0,5824	5,7344	4,2714	0,6253	7,0497	1,5123	5,2841
24.09.2019	5,6452	6,2092	3,8359	0,8320	0,5829	5,7184	4,2586	0,6270	7,0430	1,5051	5,2568
25.09.2019	5,6284	6,1654	3,7980	0,8261	0,5777	5,6893	4,2402	0,6220	6,9623	1,5005	5,2226
26.09.2019	5,6111	6,1374	3,7948	0,8222	0,5752	5,6518	4,2329	0,6181	6,9263	1,4959	5,2104
27.09.2019	5,6032	6,1315	3,7933	0,8214	0,5717	5,6444	4,2329	0,6174	6,8919	1,4938	5,1804
30.09.2019	5,5937	6,0977	3,7707	0,8168	0,5691	5,6089	4,2268	0,6159	6,8921	1,4912	5,1760

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
5,6539	6,2267	3,8500	0,8344	0,5824	5,7111	4,2695	0,6273	6,9863	1,5074	5,2598

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FOUR (Continued)

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

II. EXPLANATIONS ON THE CURRENCY RISK (Continued)

6. Information on The Foreign Currency Risk of The Bank

	EUR	USD	Other FC ⁽¹⁾	Total
Current Period				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	18.897.401	16.892.685	6.704.762	42.494.848
Banks	722.812	1.181.945	560.844	2.465.601
Financial Assets at Fair Value Through Profit and Loss	2.124.867	4.445.938	-	6.570.805
Receivables from Money Markets	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	5.851.733	23.814.694	87.150	29.753.577
Loans ⁽²⁾	44.830.123	77.555.465	151.666	122.537.254
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures) ⁽⁴⁾	2.110.111	1.150.392	-	3.260.503
Financial Assets Measured at Amortised Cost	8.706.618	3.315.752	794	12.023.164
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	9.718	641	6.480	16.839
Intangible Assets	3.166	-	6.160	9.326
Other Assets ⁽⁶⁾	1.072.974	875.801	62.023	2.010.798
Total Assets⁽⁵⁾⁽⁷⁾	84.329.523	129.233.313	7.579.879	221.142.715
Liabilities				
Interbank Deposits	12.369.724	2.619.670	95.079	15.084.473
Foreign Currency Deposits	94.946.350	62.945.830	15.663.604	173.555.784
Money Market Borrowings	-	19.854.225	-	19.854.225
Funds Provided from Other Financial Institutions	8.900.007	20.946.373	447	29.846.827
Issued Marketable Securities ⁽⁸⁾	8.722.370	9.295.544	130.009	18.147.923
Sundry Creditors	1.436.831	138.491	10.557	1.585.879
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	2.576.358	4.847.283	114.451	7.538.092
Total Liabilities⁽⁵⁾	128.951.640	120.647.416	16.014.147	265.613.203
Net Balance Sheet Position	(44.622.117)	8.585.897	(8.434.268)	(44.470.488)
Net Off-Balance Sheet Position⁽³⁾	46.336.382	(9.513.830)	8.505.142	45.327.694
Financial Derivative Assets	51.297.452	62.581.051	9.333.808	123.212.311
Financial Derivative Liabilities	4.961.070	72.094.881	828.666	77.884.617
Non-Cash Loans	31.146.274	40.653.217	6.452.432	78.251.923
Prior Period				
Total Assets	73.766.906	115.716.715	11.073.455	200.557.076
Total Liabilities	101.589.478	105.578.028	12.878.695	220.046.201
Net Balance Sheet Position	(27.822.572)	10.138.687	(1.805.240)	(19.489.125)
Net Off-Balance Sheet Position⁽³⁾	29.335.754	(12.368.708)	1.940.459	18.907.505
Financial Derivative Assets	33.782.256	31.635.082	3.647.503	69.064.841
Financial Derivative Liabilities	4.446.502	44.003.790	1.707.044	50.157.336
Non-Cash Loans	33.562.849	43.102.010	6.372.730	83.037.589

(1) The foreign currencies presented in the other FC column of assets 86,06% is Gold 6,04% is GBP, 2,07% is SAR, 1,57% is IQD, and the remaining 4,26% is other foreign currencies. The foreign currencies presented in the other FC column of liabilities, 75,42% is Gold, 12,45% is GBP, 5,43% is CHF, 2,12% is DKK, 1,07% is SAR and the remaining 3,51% is other foreign currencies. (31 December 2018: Of the foreign currencies presented in the other FC column of assets 77,61% is Gold, 15,98% is SAR, 2,34% is GBP, 2,16% is IQD, and the remaining 1,91% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 60,60% is Gold, 14,11% is GBP, 13,46% is SAR, 5,72% is CHF, 2,17% is DKK, 0,77% is SEK, 0,59% is BGN and the remaining 2,58% is other foreign currencies.)

(2) TL 178.069 equivalent of USD, and TL 75.775 equivalent of EUR loans are originated as foreign currency indexed loans (31 December 2018: TL 391.257 equivalent of USD, and TL 228.942 equivalent of EUR).

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

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

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

(6) Prepaid expenses in other assets amounting to TL 3.843 are not included in the table.

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

(8) Includes subordinated debt instruments.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FOUR (Continued)

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

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)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	25.066.975	-	-	-	-	20.407.122	45.474.097
Banks	1.483.141	3.580	3.536	-	-	1.949.052	3.439.309
Financial Assets at Fair Value Through Profit and Loss	28.949	585	26.888	1.159.879	6.454	6.212.718	7.435.473
Receivables from Money Markets	55.001	-	-	-	-	-	55.001
Financial Assets at Fair Value Through Other Comprehensive Income	3.814.076	13.106.107	32.827.343	20.513.371	25.827.208	808.372	96.896.477
Loans Given ⁽³⁾	145.804.277	34.225.802	81.255.224	131.286.101	25.743.232	3.246.456	421.561.092
Financial Assets Measured at Amortised Cost	1.645	1.158.535	3.076.705	9.735.706	3.583.479	-	17.556.070
Other Assets ⁽²⁾	458.030	1.244.768	534.900	75.310	9.284	23.488.517	25.810.809
Total Assets ⁽¹⁾⁽⁵⁾	176.712.094	49.739.377	117.724.596	162.770.367	55.169.657	56.112.237	618.228.328
Liabilities							
Interbank Deposits	19.546.220	5.834.623	780.777	-	-	4.512.334	30.673.954
Other Deposits	158.105.418	70.206.804	36.243.526	1.409.883	4	106.867.580	372.833.215
Money Market Borrowings	52.471.980	3.240.086	4.771.966	650.459	-	-	61.134.491
Sundry Creditors	-	-	-	-	-	6.124.284	6.124.284
Issued Marketable Securities ⁽⁶⁾	278.437	1.854.221	958.749	18.474.609	-	-	21.566.016
Funds Provided from Other Financial Institutions	16.749.201	4.018.481	6.328.728	5.854.006	771.688	-	33.722.104
Other Liabilities ⁽⁴⁾	2.781.321	451.579	435.219	1.016.003	4.990.998	82.499.144	92.174.264
Total Liabilities ⁽¹⁾	249.932.577	85.605.794	49.518.965	27.404.960	5.762.690	200.003.342	618.228.328
Balance Sheet Long Position	-	-	68.205.631	135.365.407	49.406.967	-	252.978.005
Balance Sheet Short Position	(73.220.483)	(35.866.417)	-	-	-	(143.891.105)	(252.978.005)
Off-Balance Sheet Long Position	-	959.723	-	-	-	-	959.723
Off-Balance Sheet Short Position	(1.211.429)	-	(173.326)	(654.035)	-	-	(2.038.790)
Total Position	(74.431.912)	(34.906.694)	68.032.305	134.711.372	49.406.967	(143.891.105)	(1.079.067)

⁽¹⁾ Balances without fixed maturity are shown in the “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.

⁽⁶⁾ Includes subordinated debt instruments.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FOUR (Continued)

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

III. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

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

(Based on days to repricing dates)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	21.974.449	-	-	-	-	18.516.763	40.491.212
Banks	3.318.379	10.879	45.483	-	-	2.370.766	5.745.507
Financial Assets at Fair Value Through Profit and Loss	20.574	8.478	3.234	916	5.966	6.692.456	6.731.624
Receivables from Money Markets	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	8.849.807	8.341.822	18.668.696	19.927.493	21.937.049	662.656	78.387.523
Loans Given ⁽³⁾	127.048.614	34.097.919	66.018.652	119.026.844	22.642.535	2.111.930	370.946.494
Financial Assets Measured at Amortised Cost	2.388.244	883.236	1.944.981	1.618.345	3.418.449	-	10.253.255
Other Assets ⁽²⁾	404.550	1.297.606	311.015	81.474	10.437	22.495.430	24.600.512
Total Assets ⁽¹⁾⁽⁵⁾	164.004.617	44.639.940	86.992.061	140.655.072	48.014.436	52.850.001	537.156.127
Liabilities							
Interbank Deposits	15.187.956	5.292.517	446.008	-	-	4.742.133	25.668.614
Other Deposits	138.444.436	45.004.430	38.597.049	1.102.333	-	82.249.621	305.397.869
Money Market Borrowings	64.077.480	2.671.990	1.118.379	482.947	-	-	68.350.796
Sundry Creditors	-	-	-	-	-	5.315.978	5.315.978
Issued Marketable Securities	1.088.127	896.197	4.030.908	9.415.236	-	-	15.430.468
Funds Provided from Other Financial Institutions	6.970.785	8.941.633	11.721.664	5.508.802	1.028.769	-	34.171.653
Other Liabilities ⁽⁴⁾	1.333.955	810.066	460.321	281.682	4.831.437	75.103.288	82.820.749
Total Liabilities ⁽¹⁾	227.102.739	63.616.833	56.374.329	16.791.000	5.860.206	167.411.020	537.156.127
Balance Sheet Long Position	-	-	30.617.732	123.864.072	42.154.230	-	196.636.034
Balance Sheet Short Position	(63.098.122)	(18.976.893)	-	-	-	(114.561.019)	(196.636.034)
Off-Balance Sheet Long Position	-	1.098.007	-	-	-	-	1.098.007
Off-Balance Sheet Short Position	(34.431)	-	(74.986)	(139.258)	-	-	(248.675)
Total Position	(63.132.553)	(17.878.886)	30.542.746	123.724.814	42.154.230	(114.561.019)	849.332

⁽¹⁾ Balances without fixed maturity are shown in the “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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FOUR (Continued)

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

III. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

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

	EUR	USD	JPY	TL
Current Period				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	15,00
Banks	1,08	1,25	-	15,19
Financial Assets Measured at Fair Value Through Profit or Loss	2,22	5,34	-	2,25
Money Market Placements	-	-	-	14,00
Financial Assets Measured at Fair Value Through Other Comprehensive Income	4,67	5,89		13,66
Loans Given ⁽²⁾	5,10	7,23	5,19	14,95
Financial Assets Measured at Amortised Cost	-	7,40	-	15,70
Liabilities				
Interbank Deposits ⁽³⁾	0,43	3,79	-	15,47
Other Deposits	0,67	1,62	-	11,09
Money Market Borrowings	-	3,16	-	16,41
Sundry Creditors	-	-	-	-
Issued Marketable Securities ⁽⁴⁾	5,08	4,96	1,50	17,46
Funds Provided from Other Financial Institutions	1,79	4,13	-	15,67

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

⁽²⁾ Credit card loan balances are not included.

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

⁽⁴⁾ Includes subordinated debt instruments.

	EUR	USD	JPY	TL
Prior Period				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	2,00	-	13,00
Banks	0,71	4,33	-	23,35
Financial Assets Measured at Fair Value Through Profit or Loss	2,34	5,18	-	8,78
Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value Through Other Comprehensive Income	4,68	5,70	-	12,59
Loans Given ⁽²⁾	4,95	7,28	4,85	15,54
Financial Assets Measured at Amortised Cost	6,63	7,32	-	17,06
Liabilities				
Interbank Deposits ⁽³⁾	0,52	2,32	-	23,33
Other Deposits	1,32	2,26	-	14,19
Money Market Borrowings	-	3,76	-	24,33
Sundry Creditors	-	-	-	-
Issued Marketable Securities	0,60	4,77	1,50	21,40
Funds Provided from Other Financial Institutions	1,22	3,94	-	21,13

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

⁽²⁾ Credit card loans balances are not included.

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FOUR (Continued)

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

IV. EXPLANATIONS ON THE POSITION RISK OF EQUITY SECURITIES

1. Equity Securities Position Risk Derived from Banking Books

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

Investments in Equity Instruments - Current Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	-	-	-
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	-	-	-
Traded on Stock Exchange	-	-	-
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other ^(*)	147.544	147.544	-

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

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

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

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

The investments in equity instruments, partaking in banking accounts according to the credit risk standard method, are amounted TL 147.544 and 100% of them are risk weighted (31 December 2018: are amounted TL 143.006 and 100% of them are risk weighted).

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FOUR (Continued)

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

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

1. Liquidity Risk

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

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

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

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

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

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

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

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

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

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

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

Explanation regarding the usage of the stress test

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

General information on liquidity urgent and unexpected situation plan

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FOUR (Continued)

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

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 446,03% in the week of 16 August 2019; and for the total 114,05% in the week of 5 July 2019. As for the highest ratios take place for FC as 498,01% in the week of 12 July 2019 and for the total as 130,22% in the week of 30 August 2019 (31 December 2018: Within the last 3 months the unconsolidated lowest ratios are as follows: Take place for FC as 95,72% in the week of 5 October 2018; and for the total 65,82% in the week of 5 October 2018. As for the highest ratios take place for FC as 127,68% in the week of 23 November 2018 and for the total as 88,10 % in the week of 21 December 2018).

Current Period	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			89.349.946	53.698.181
CASH OUTFLOWS				
Retail and Small Business Customers, of which;	269.372.207	129.648.546	23.069.061	12.964.855
Stable deposits	77.363.183	-	3.868.159	-
Less stable deposits	192.009.024	129.648.546	19.200.902	12.964.855
Unsecured wholesale funding, of which;	118.952.573	52.044.529	63.689.980	29.023.526
Operational deposit	7.180.658	254.290	1.795.165	63.572
Non-operational deposits	93.799.651	43.823.863	46.808.529	21.034.049
Other unsecured funding	17.972.264	7.966.376	15.086.286	7.925.905
Secured funding			-	-
Other cash outflows, of which;	58.784.463	6.079.995	6.799.283	2.101.694
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.027.586	441.678	2.027.586	441.678
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	56.756.877	5.638.317	4.771.697	1.660.016
Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	45.402.516	29.262.701	2.641.525	1.463.135
TOTAL CASH OUTFLOWS			96.199.849	45.553.210
CASH INFLOWS				
Secured lending			-	-
Unsecured lending	35.433.973	14.571.790	22.307.082	10.114.360
Other cash inflows	905.582	39.410.189	905.582	39.410.189
Total Cash Inflows	36.339.555	53.981.979	23.212.664	49.524.549
			Upper Limit Applied Amounts	
TOTAL HQLA STOCK			89.349.946	53.698.181
TOTAL NET CASH OUTFLOWS			72.987.185	11.388.303
LIQUIDITY COVERAGE RATIO (%)			122,42	471,52

(*) 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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FOUR (Continued)

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

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

2. Liquidity Coverage Ratio (Continued)

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

(*) 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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FOUR (Continued)

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

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

3. Minimum Statements Concerning Liquidity Coverage Ratio by Banks

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

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

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

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

High quality liquid assets are comprised to which items

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

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

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

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

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

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

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

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

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FOUR (Continued)

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

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

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ⁽¹⁾	Total
Current Period								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	20.407.122	25.066.975	-	-	-	-	-	45.474.097
Banks	1.949.052	1.483.141	3.580	3.536	-	-	-	3.439.309
Financial Assets at Fair Value Through Profit and Loss	-	28.949	585	5.933	1.180.834	6.454	6.212.718	7.435.473
Money Market Placements	-	55.001	-	-	-	-	-	55.001
Financial Assets at Fair Value Through Other Comprehensive Income	-	758.625	3.716.013	15.228.626	38.633.116	38.079.609	480.488	96.896.477
Loans Given	-	23.320.855	30.182.750	170.963.182	161.634.531	32.213.318	3.246.456	421.561.092
Investments Held-to-Maturity	-	1.645	1.158.535	819.579	11.992.831	3.583.480	-	17.556.070
Other Assets	4.592.357	458.030	1.244.769	536.615	75.310	9.284	18.894.444	25.810.809
Total Assets⁽²⁾	26.948.531	51.173.221	36.306.232	187.557.471	213.516.622	73.892.145	28.834.106	618.228.328
Liabilities								
Interbank Deposits	4.512.334	19.546.220	5.834.623	780.777	-	-	-	30.673.954
Other Deposits	106.867.580	158.016.762	69.684.858	36.715.086	1.546.669	2.260	-	372.833.215
Funds Provided from Other Financial Institutions	-	4.822.782	702.188	13.487.403	11.252.904	3.456.827	-	33.722.104
Money Market Borrowings	-	52.471.980	3.240.086	4.771.966	650.459	-	-	61.134.491
Issued Marketable Securities ⁽³⁾	-	278.437	106.330	2.706.640	18.474.609	-	-	21.566.016
Sundry Creditors	2.418.258	3.706.026	-	-	-	-	-	6.124.284
Other Liabilities	11.791.244	3.515.235	1.637.766	435.219	1.016.002	6.466.889	67.311.909	92.174.264
Total Liabilities	125.589.416	242.357.442	81.205.851	58.897.091	32.940.643	9.925.976	67.311.909	618.228.328
Liquidity Gap	(98.640.885)	(191.184.221)	(44.899.619)	128.660.380	180.575.979	63.966.169	(38.477.803)	-
Net Off-Balance Sheet Position	-	(1.491.114)	(298.856)	106.359	604.548	-	-	(1.079.063)
Financial Derivative Assets	-	76.553.561	22.313.495	4.738.474	1.523.355	-	-	105.128.885
Financial Derivative Liabilities	-	78.044.675	22.612.351	4.632.115	918.807	-	-	106.207.948
Non-cash Loans	42.120.467	3.958.604	8.445.538	36.369.236	21.293.579	4.828.052	-	117.015.476
Prior Period								
Total Assets	26.125.999	45.721.115	29.345.015	159.611.206	182.489.773	67.483.919	26.379.100	537.156.127
Total Liabilities	103.356.149	226.959.960	58.859.426	56.561.260	22.626.248	9.563.335	59.229.749	537.156.127
Liquidity Gap	(77.230.150)	(181.238.845)	(29.514.411)	103.049.946	159.863.525	57.920.584	(32.850.649)	-
Net Off-Balance Sheet Position	-	(296.539)	(910.708)	239.414	672.964	-	-	(294.869)
Financial Derivative Assets	-	35.631.390	15.398.589	3.000.559	1.793.273	-	-	55.823.811
Financial Derivative Liabilities	-	35.927.929	16.309.297	2.761.145	1.120.309	-	-	56.118.680
Non-cash Loans	43.512.657	4.219.665	9.073.114	34.559.942	25.159.538	4.660.104	-	121.185.020

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

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

(3) Includes subordinated debt instruments.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FOUR (Continued)

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

VI. EXPLANATIONS ON LEVERAGE

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

The Bank’s leverage calculated by force of the regulation “Regulation on Measurement and Assessment of Leverage Ratios of Banks” is 8,87% (31 December 2018: 7,82%). The increase on leverage results occur from the increase in Tier 1 capital amount. The regulation sentenced the minimum leverage as 3%.

Balance sheet assets	Current Period ^(*)	Prior Period ^(*)
On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	611.525.416	534.876.356
(Assets deducted in determining Tier 1 capital)	(5.385.989)	(7.765.288)
Total on-balance sheet risks (sum of lines 1 and 2)	606.139.427	527.111.068
Derivative financial instruments and credit derivatives		
Replacement cost associated with all derivative financial instruments and credit Derivatives	2.325.931	2.232.071
Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	1.301.102	633.593
Total risks of derivative financial instruments and credit derivatives	3.627.033	2.865.664
Securities or commodity financing transactions (SCFT)		
Risks from SCFT assets	8.210.391	5.074.003
Risks from brokerage activities related exposures	-	-
Total risks related with securities or commodity financing transactions	8.210.391	5.074.003
Other off-balance sheet transactions		
Gross notional amounts of off-balance sheet transactions	182.544.655	168.298.955
(Adjustments for conversion to credit equivalent amounts)	-	-
Total risks of off-balance sheet items	182.544.655	168.298.955
Capital and total risks		
Tier 1 capital	70.974.858	55.001.423
Total risks	800.521.506	703.349.690
Leverage ratio		
Leverage ratio %	8,87	7,82

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FOUR (Continued)

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

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 2019, the following notes to be presented on a quarterly and semi-annually basis according to Communiqué have not been presented due to usage of standard approach for the calculation of capital adequacy by the Bank.

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

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

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

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

Overview of Risk Weighted Amounts

		Risk Weighted Amount		Minimum capital Requirement
		Current Period	Prior Period	Current Period
1	Credit Risk (excluding counterparty credit risk)	403.106.553	361.242.979	32.248.524
2	Standardised approach	403.106.553	361.242.979	32.248.524
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	5.433.422	3.681.993	434.674
5	Standardised approach for counterparty credit risk	5.433.422	3.681.993	434.674
6	Internal model method	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies-look through approach	-	-	-
9	Investments made in collective investment companies-mandate-based approach	4.415.779	3.294.787	353.263
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	12.339.839	14.176.551	987.187
17	Standardised approach	12.339.839	14.176.551	987.187
18	Internal model approaches	-	-	-
19	Operational risk	35.291.329	29.418.691	2.823.306
20	Basic Indicator approach	35.291.329	29.418.691	2.823.306
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity(subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	460.586.922	411.815.001	36.846.954

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FOUR (Continued)

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

VIII. EXPLANATIONS ON OPERATING SEGMENTS

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

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

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

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

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

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

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

As of 30 September 2019 explanations on segment reporting as shown on the following page are in line with Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FOUR (Continued)

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

VIII. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

1. Table for Segment Reporting

Current Period	Retail Banking	Corporate/ Entrepreneur banking	Specialized Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
OPERATING INCOME/EXPENSE						
Interest Income	10.597.061	18.560.319	6.099.298	13.713.572	104.327	49.074.577
Interest Income from Loans	10.597.061	18.560.319	6.099.298	4.146.960	-	39.403.638
Interest Income from Banks	-	-	-	269.449	-	269.449
Interest Income from Securities	-	-	-	8.885.193	-	8.885.193
Other Interest Income	-	-	-	411.970	104.327	516.297
Interest Expense	14.287.829	5.691.152	-	12.133.832	276.332	32.389.145
Interest Expense on Deposits	14.287.829	5.691.152	-	2.288.844	-	22.267.825
Interest Expense on Funds Borrowed	-	-	-	1.261.811	-	1.261.811
Interest Expense on Money Market Transactions	-	-	-	7.597.044	-	7.597.044
Interest Expense on Securities Issued	-	-	-	986.133	-	986.133
Other Interest Expense	-	-	-	-	276.332	276.332
Net Interest Income/Expense	(3.690.768)	12.869.167	6.099.298	1.579.740	(172.005)	16.685.432
Net Fees and Commission Income/Expense	2.260.323	1.535.308	85.748	(1.372.010)	(33.583)	2.475.786
Fees and Commissions Received	2.260.323	1.535.308	85.748	8.830	181.602	4.071.811
Fees and Commissions Paid	-	-	-	1.380.840	215.185	1.596.025
Dividend Income	-	-	-	1.059.898	-	1.059.898
Trading Profit/Loss (Net)	-	-	-	(6.281.478)	-	(6.281.478)
Other Operating Income	29.619	135.097	20.924	4.202	944.256	1.134.098
Provision for Expected Loss (-)	831.464	1.904.752	535.370	-	-	3.271.586
Other Provision Expenses(-)	-	-	-	1.064	3.300	4.364
Personnel Expenses (-)	-	-	-	-	2.575.877	2.575.877
Other Operating Expense	1.618.164	39.760	43.660	-	2.800.137	4.501.721
Net Operating Profit/Loss	(3.850.454)	12.595.060	5.626.940	(5.010.712)	(4.640.646)	4.720.188
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	-	-
Tax Provision	-	-	-	-	(876.014)	(876.014)
Net Profit/Loss	(3.850.454)	12.595.060	5.626.940	(5.010.712)	(5.516.660)	3.844.174
SEGMENT ASSETS						
Financial Assets at FV Through P/L	-	-	-	7.435.473	-	7.435.473
Banks and Receivables from Money Market	-	-	-	3.494.310	-	3.494.310
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	96.896.477	-	96.896.477
Loans	108.676.052	224.904.286	69.625.500	18.355.254	-	421.561.092
Financial Assets Measured at Amortised Cost (Net)	-	-	-	17.556.070	-	17.556.070
Derivative Financial Assets	-	-	-	2.250.700	-	2.250.700
Associates, Subsidiaries and Joint Ventures	-	-	-	7.645.515	-	7.645.515
Other Assets	20.513	2.289.088	142.787	41.741.704	17.194.599	61.388.691
TOTAL SEGMENT ASSETS	108.696.565	227.193.374	69.768.287	195.375.503	17.194.599	618.228.328
SEGMENT LIABILITIES						
Deposits	297.422.134	63.332.696	-	30.673.954	12.078.385	403.507.169
Derivative Financial Liabilities Held for Trading	-	-	-	2.953.189	-	2.953.189
Funds Borrowed	-	-	-	33.722.104	-	33.722.104
Money Market Funds	3.608	28.799.030	-	32.331.853	-	61.134.491
Securities Issued (Net)	-	-	-	12.843.646	-	12.843.646
Provisions	-	689.352	-	-	2.558.287	3.247.639
Other Liabilities	-	-	-	-	35.694.925	35.694.925
Shareholders' Equity	-	-	-	-	65.125.165	65.125.165
TOTAL SEGMENT LIABILITIES	297.425.742	92.821.078	-	112.524.746	115.456.762	618.228.328

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FOUR (Continued)

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

VIII. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

1. Table for Segment Reporting (Continued)

Prior Period	Retail Banking	Corporate/ Entrepreneur banking	Specialized Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
OPERATING INCOME/EXPENSE						
Interest Income	8.207.757	12.655.818	5.031.372	10.619.945	64.527	36.579.419
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
Interest Expense	8.071.461	3.484.559	-	8.429.273	122.397	20.107.690
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
Net Interest Income/Expense	136.296	9.171.259	5.031.372	2.190.672	(57.870)	16.471.729
Net Fees and Commission Income/Expense	1.260.886	983.338	69.492	(471.007)	69.388	1.912.097
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
Personnel Expenses	-	-	-	-	2.128.474	2.128.474
Dividend Income	-	-	-	290.376	-	290.376
Trading Profit/Loss (Net)	-	-	-	(3.212.705)	-	(3.212.705)
Other Operating Income	27.949	127.892	20.589	2.660	476.693	655.783
Provision for Expected Loss (-)	757.508	1.901.402	505.611	751	-	3.165.272
Other Operating Expense	1.272.420	29.911	36.743	-	2.224.724	3.563.798
Net Operating Profit/Loss	(604.797)	8.351.176	4.579.099	(1.200.755)	(3.864.987)	7.259.736
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	-	-
Tax Provision	-	-	-	-	(1.616.263)	(1.616.263)
Net Profit/Loss	(604.797)	8.351.176	4.579.099	(1.200.755)	(5.481.250)	5.643.473
SEGMENT ASSETS						
Financial Assets at FV Through P/L	-	-	-	6.731.624	-	6.731.624
Banks and Other Financial Institutions	-	-	-	5.745.507	-	5.745.507
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	78.387.523	-	78.387.523
Loans	91.540.432	201.771.123	64.158.050	13.476.889	-	370.946.494
Financial Assets Measured at Amortised Cost (Net)	-	-	-	10.253.255	-	10.253.255
Derivative Financial Assets	-	-	-	2.036.376	-	2.036.376
Associates, Subsidiaries and Joint Ventures	-	-	-	7.603.313	-	7.603.313
Other Assets	17.591	1.103.924	100.315	36.953.627	17.276.578	55.452.035
TOTAL SEGMENT ASSETS	91.558.023	202.875.047	64.258.365	161.188.114	17.276.578	537.156.127
SEGMENT LIABILITIES						
Deposits	243.086.366	54.506.095	-	25.668.614	7.805.408	331.066.483
Derivative Financial Liabilities Held for Trading	-	-	-	1.643.492	-	1.643.492
Funds Borrowed	-	-	-	34.171.653	-	34.171.653
Money Market Funds	2.657	13.548.364	-	54.799.775	-	68.350.796
Securities Issued (Net)	-	-	-	15.430.468	-	15.430.468
Provisions	-	448.141	-	-	2.383.420	2.831.561
Other Liabilities	-	-	-	-	26.260.280	26.260.280
Shareholders' Equity	-	-	-	-	57.401.394	57.401.394
TOTAL SEGMENT LIABILITIES	243.089.023	68.502.600	-	131.714.002	93.850.502	537.156.127

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

(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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1.921.393	1.737.175	2.075.790	1.429.963
Central Bank of the Republic of Turkey	1.058.326	40.683.378	2.747.581	34.206.046
Other	-	74.296	1.150	31.104
Total	2.979.719	42.494.849	4.824.521	35.667.113

Information on Required Reserves

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

As of the balance sheet date, the required reserves ratios for commercial banks operating in Turkey are as follows: for demand deposits, notice deposits and for deposits up to 1-month maturity, and for deposits up to 3-months maturity 7%; for deposits up to 6-months maturity 4%; for deposits up to 1-year maturity 2%; for deposits 1-year and longer maturity 1%; for TL liabilities other than deposits up to 1-year maturity 7%; for TL liabilities other than deposits between 1- and 3-years maturity 3,5%; for TL liabilities other than deposits more than 3-years maturity 1%; for FC deposit accounts, demand deposits, up to 1-month, up to 3-months, up to 6-months and up to 1-year maturities 17%; for FC deposit accounts with 1-year and longer maturity 13%, for FC liabilities other than deposits up to 1-year maturity 21%; for FC liabilities other than deposits up to 2-years maturity 16%; for FC liabilities other than deposits up to 3-years maturity 11%; for FC liabilities other than deposits up to 5-years maturity 7%; and for FC liabilities other than deposits more than 5-years maturity 5%.

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	867.234	13.090.054	2.424.088	12.546.367
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	2.710.330	-	763
Other ⁽¹⁾	191.092	24.882.994	323.493	21.658.916
Total	1.058.326	40.683.378	2.747.581	34.206.046

⁽¹⁾ Includes required reserves and CBRT restricted electronic money funds amounting to TL 6.641. Required reserve of branches abroad amounting to TL 149.668 is presented in this line. TL 2.274.945 of the current period's FC required reserve is the part of the TL required reserves that are held in FC (31 December 2018: Includes required reserves and CBRT restricted electronic money funds amounting to TL 7.537. Required reserve of branches abroad amounting to TL 163.388 is presented in this line. TL 10.945.733 of the current period's FC required reserve is the part of the TL required reserves that are held in FC).

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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	322.030	-
Assets Blocked/Given as Collateral	-	-
Total	322.030	-

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

(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 (Continued)

3. Positive Differences Related to The Derivative Financial Assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	211.346	73.290	243.160	15.245
Swap Transactions	845.634	1.120.363	1.305.367	471.896
Futures Transactions	-	-	-	-
Options	19	48	-	708
Other	-	-	-	-
Total	1.056.999	1.193.701	1.548.527	487.849

4. Information on Banks and Other Financial Institutions

4.1. Information on Bank Balances

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	780.771	17.303	686.231	2.278
Foreign Banks	195.772	2.448.441	178.850	4.878.852
Foreign Head Office and Branches	-	-	-	-
Total	976.543	2.465.744	865.081	4.881.130

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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	51.184.835	28.169.653
Assets Blocked/Given as Collateral	33.529.007	45.687.419
Total	84.713.842	73.857.072

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

	Current Period	Prior Period
Debt Securities	100.463.629	84.213.066
Quoted in Stock Exchange	100.338.976	84.028.546
Not Quoted in Stock Exchange	124.653	184.520
Share Certificates	506.838	395.377
Quoted in Stock Exchange	332.946	227.170
Not Quoted in Stock Exchange	173.892	168.207
Provision for Impairment (-)	4.073.990	6.220.920
Total	96.896.477	78.387.523

7. Information Related to Loans

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Direct Loans Granted to Shareholders	-	-	-	-
Legal Entities	-	-	-	-
Individuals	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees ^{(1) (2)}	449.354	-	365.688	-
Total	449.354	-	365.688	-

(1) Interest rediscount and interest accrual amounting TL 4.671, are not included (31 December 2018: Interest rediscount and interest accrual amounting TL 4.243, are not included).

(2) Since the balance of overdraft accounts related to employees amounting TL 20.425, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above. (31 December:2018: Since the balance of overdraft accounts related to employees amounting TL 22.068, is showed under Table 7.4. as overdraft accounts (real person), it is not included to the table above.)

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

(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 (Continued)

7. Information Related to Loans

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

Current Period	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled Loans with revised contract terms	Refinancing
Cash Loans				
Non-Specialized Loans	325.532.575	13.885.163	5.242.237	-
Commercial Loans	203.756.800	5.287.892	5.080.617	-
Export Loans	5.543.981	16.192	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	6.348.476	6.447.652	-	-
Consumer Loans	98.724.025	1.850.212	161.183	-
Credit Cards	10.044.174	276.964	437	-
Other	1.115.119	6.251	-	-
Specialized Lending ⁽¹⁾⁽²⁾	62.344.618	2.145.326	696.307	-
Other Receivables	-	-	-	-
Interest Income Accruals	9.401.032	2.531.356	362.109	-
Total	397.278.225	18.561.845	6.300.653	-

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

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

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

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

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

	Current Period		Prior Period	
	Standard Qualified Loans	Loans Under Close Monitoring	Standard Qualified Loans	Loans Under Close Monitoring
Expected Provision Loss for 12 months	1.039.484	-	855.496	-
Significant Increase in Credit Risk	-	2.786.603	-	2.181.267

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

(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 (Continued)

7. Information Related to Loans (Continued)

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

Current Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	1.153.628	97.610.772	98.764.400
Real Estate Loans ⁽²⁾	16.238	58.186.324	58.202.562
Vehicle Loans	7.214	273.045	280.259
Consumer Loans ⁽²⁾	1.130.176	39.151.403	40.281.579
Other	-	-	-
Consumer Loans- Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	1.084	42.710	43.794
Real Estate Loans	-	6.731	6.731
Vehicle Loans	-	-	-
Consumer Loans	1.084	35.979	37.063
Other	-	-	-
Retail Credit Cards-TL	6.661.931	188.108	6.850.039
With Installment	2.271.762	181.631	2.453.393
Without Installment	4.390.169	6.477	4.396.646
Retail Credit Cards-FC	674	-	674
With Installment	-	-	-
Without Installment	674	-	674
Personnel Loans-TL	18.119	279.803	297.922
Real Estate Loans	-	2.993	2.993
Vehicle Loans	-	-	-
Consumer Loans	18.119	276.810	294.929
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	144.751	6.660	151.411
With Installment	59.216	6.549	65.765
Without Installment	85.535	111	85.646
Personnel Credit Cards-FC	21	-	21
With Installment	-	-	-
Without Installment	21	-	21
Overdraft Accounts-TL (Real Person)	1.629.304	-	1.629.304
Overdraft Accounts-FC (Real Person)	-	-	-
Total ⁽¹⁾	9.609.512	98.128.053	107.737.565

⁽¹⁾ TL 800.920 of interest income accrual is not included in the table above.

⁽²⁾ Consumer loans originated from funds amounting to TL 3.916.432 of are included in the table above.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

(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 (Continued)

7. Information Related to Loans (Continued)

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

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

(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 (Continued)

7. Information Related to Loans (Continued)

7.4. Information on Commercial Installment Loans and Corporate Credit Cards

Current Period	Short-Term	Medium and Long-Term	Total
Installment Based Commercial Loans-TL	1.617.227	39.114.172	40.731.399
Business Loans	209	381.455	381.664
Vehicle Loans	60.216	804.710	864.926
Consumer Loans	1.556.802	37.928.007	39.484.809
Other	-	-	-
Installment Based Commercial Loans- Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Installment Based Commercial Loans - FC	36.269	29.996.637	30.032.906
Business Loans	-	5.479	5.479
Vehicle Loans	-	-	-
Consumer Loans	36.269	29.991.158	30.027.427
Other	-	-	-
Corporate Credit Cards-TL	3.296.962	21.886	3.318.848
With Installment	1.090.634	18.018	1.108.652
Without Installment	2.206.328	3.868	2.210.196
Corporate Credit Cards-FC	582	-	582
With Installment	-	-	-
Without Installment	582	-	582
Overdraft Account-TL (Legal Entity)	790.396	-	790.396
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	5.741.436	69.132.695	74.874.131

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

(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 (Continued)

7. Information Related to Loans (Continued)

7.5. Breakdown of Domestic and Foreign Loans

	Current Period	Priod Period
Domestic Loans	400.553.981	353.958.673
Foreign Loans	9.292.245	8.535.797
Interest Income Accruals of Loans	12.294.497	9.376.857
Total	422.140.723	371.871.327

7.6. Loans Granted to Subsidiaries and Associates

	Current Period	Priod Period
Direct loans granted to subsidiaries and associates	2.183.753	2.535.527
Indirect loans granted to subsidiaries and associates	-	-
Total	2.183.753	2.535.527

7.7. Provisions provided against loans (Stage Three)

	Current Period	Priod Period
Loans and other receivables with limited collectability	397.169	388.478
Loans and other receivables with doubtful collectability	876.284	688.923
Uncollectible loans and other receivables	5.494.287	4.270.418
Total	6.767.740	5.347.819

7.8. Information On Under Follow-up Receivables (Net)

7.8.1. Information on Loans and Other Receivables Included In Under Follow-up Receivables which are Restructured or Rescheduled

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Current Period			
Gross amounts before the provisions	53.925	132.676	277.891
Restructured loans and other receivables	53.925	132.676	277.891
Period Period			
Gross amounts before the provisions	27.918	77.194	150.427
Restructured loans and other receivables	27.918	77.194	150.427

7.8.2. Information on the Movement of Under Follow-up Receivables

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Prior Period Ending Balance	1.146.829	1.313.386	4.999.534
Additions (+)	2.933.363	726.379	423.854
Transfers from Other Categories of Loans under Follow-Up (+)	-	2.325.087	1.962.082
Transfers to Other Categories of Loans under Follow-Up (-)	2.325.087	1.962.082	-
Collections (-)	261.748	524.429	541.244
Sold ⁽¹⁾	158.149	8.697	34.882
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period End Balance	1.335.208	1.869.644	6.809.344
Provision (-)	397.169	876.284	5.494.287
Net Balance on Balance Sheet	938.039	993.360	1.315.057

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

(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 (Continued)

7. Information Related to Loans (Continued)

7.8. Information On Under Follow-up Receivables (Net) (Continued)

7.8.3. Information on Foreign Currency Under Follow-up Loans

	Group III Loans and other receivables with limited collectability	Group IV Loans and other receivables with doubtful collectability	Group V Uncollectible loans and other receivables
Current Period:			
Period Ending Balance	1.703	567	26.111
Expected Loss Provision (-)	497	214	24.500
Net Balance on Balance Sheet	1.206	353	1.611
Prior Period:			
Period Ending Balance	1.923	1.124	24.746
Expected Loss Provision (-)	809	604	23.223
Net Balance on Balance Sheet	1.114	520	1.523

7.8.4. Gross and Net Amounts of Under Follow-up Receivables According to User Groups

	Group III Loans and other receivables with limited collectability	Group IV Loans and other receivables with doubtful collectability	Group V Uncollectible loans and other receivables
Current Period (Net)	938.039	993.360	1.315.057
Loans to Real Persons and Legal Entities (Gross)	1.335.208	1.869.644	6.662.436
Provisions (-)	397.169	876.284	5.347.379
Loans to Real Persons and Legal Entities (Net)	938.039	993.360	1.315.057
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	146.908
Provisions (-)	-	-	146.908
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	758.351	624.463	729.116
Loans to Real Persons and Legal Entities (Gross)	1.146.829	1.313.386	4.864.328
Provisions (-)	388.478	688.923	4.135.212
Loans to Real Persons and Legal Entities (Net)	758.351	624.463	729.116
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	135.206
Provisions (-)	-	-	135.206
Other Loans and Receivables (Net)	-	-	-

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

	Group III Loans and other receivables with limited collectability	Group IV Loans and other receivables with doubtful collectability	Group V Uncollectible loans and other receivables
Current Period (Net)	71.100	75.842	41.470
Interest Accruals and Valuation Differences	106.865	139.846	123.631
Provisions (-)	35.765	64.004	82.161
Current Period (Net)	65.936	27.893	8.290
Interest Accruals and Valuation Differences	108.834	55.936	25.067
Provisions (-)	42.898	28.043	16.777

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

(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 (Continued)

8. Information on Financial Assets Measured at Amortised Cost

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

Financial Assets Measured at Amortised Cost subject to repo transactions

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	1.975.192	2.464.445	177.923	1.819.056
Treasury Bills	-	-	-	-
Other Public Sector Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	1.975.192	2.464.445	177.923	1.819.056

Financial Assets Measured at Amortised Cost given as collateral or blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	-	-	-	-
Bonds and Similar Investment Securities	3.117.934	9.529.033	3.790.424	3.019.229
Other	-	-	-	-
Total	3.117.934	9.529.033	3.790.424	3.019.229

8.2. Government Bonds and Treasury Bills Measured at Amortised Cost

	Current Period	Prior Period
Government Bonds	17.437.436	10.056.544
Treasury Bills	-	-
Other Public Sector Debt Securities	35.235	-
Total	17.472.671	10.056.544

8.3. Information on Investments Measured at Amortised Cost

	Current Period	Prior Period
Debt securities	17.558.440	10.254.639
Listed in a Stock Exchange	17.472.671	10.056.544
Not Listed in a Stock Exchange	85.769	198.095
Provision for Impairment (-)	-	-
Total	17.558.440	10.254.639

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

(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 (Continued)

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

8.4 Movements of Investments Measured at Amortised Cost

	Current Period	Prior Period
Beginning Balance	10.254.639	7.595.887
Foreign Currency Differences on Monetary Assets	176.090	1.764.370
Purchases During the Year ⁽¹⁾	10.048.592	3.501.862
Disposals through Sales and Redemptions	(2.920.881)	(2.607.480)
Provision for Impairment (-)	-	-
Period End Balance	17.558.440	10.254.639

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

9. Information about Associates Accounts (Net)

9.1. Information about Associates

	Description	Address (City/ Country)	The Bank’s Share Percentage, if Different, Voting Percentage (%)	The Bank’s Risk Group Share Percentage (%)
1	Bankalararası Kart Merkezi A.Ş.	Istanbul/Turkey	12,50	17,98
2	Kredi Kayıt Bürosu A.Ş.	Istanbul/Turkey	10,00	9,09
3	Arap Türk Bankası A.Ş.	Istanbul/Turkey	22,20	15,43
4	Platform Ortak Kartlı Sistemler A.Ş. ⁽¹⁾	Istanbul/Turkey	33,33	33,33

⁽¹⁾ The company has been registered at 23 September 2019 and announced in the Türkiye Trade Registry Gazette as the date of 27 September 2019 numbered 9918.

	Total Assets ⁽²⁾	Shareholders , Equity ⁽²⁾	Total Non- Current Assets ⁽²⁾⁽³⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit / Loss ⁽²⁾	Prior Period Profit / Loss ⁽²⁾	Fair Value ⁽¹⁾
1	147.868	93.468	73.688	4.027	-	28.503	15.603	-
2	313.468	182.764	190.608	10.407	-	19.267	34.818	-
3	4.599.525	1.017.431	119.896	210.223	40.339	149.385	63.711	-
4	5.250	5.250	-	-	-	-	-	-

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

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

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

9.2. Information about Financial Associates (Net)

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

(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 (Continued)

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

9.3. Sectoral Information and Related Amounts of Financial Associates

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

9.4. Associates Quoted to a Stock Exchange

None (31 December 2018: None).

10. Information on Subsidiaries (Net)

10.1. Information on Subsidiaries

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

(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 (Continued)

10.1. Information on Subsidiaries (Continued)

	Total Assets	Shareholders' Equity	Total Non-Current Assets	Interest Income	Income from Marketable Securities	Current Period Profit / Loss	Prior Period Profit / Loss	Fair Value	Shareholders equity amount needed
1	10.375.164	965.514	1.656	409.334	-	577.866	382.070	-	-
2	1.920.896	639.437	4.452	179.122	-	295.294	217.092	-	-
3	226.767	165.430	893	24.755	9.582.128	62.204	54.512	-	-
4	98.162	86.930	31.738	8.423	41.963	26.771	14.373	-	-
5	28.842.186	2.770.153	237.488	1.589.921	98.384	210.150	151.306	-	-
6	2.204.229	1.709.527	1.743.600	-	-	25.348	33.531	-	-
7	854.294	852.863	1.508	-	-	101.524	-	-	-
8	65.653	9.544	3.722	1.727	-	(4.521)	(4.069)	-	-
9	7.685.098	1.511.892	20.517	220.918	2.147	79.528	76.161	1.378.682	-
10	3.189.085	543.065	124.676	78.326	687	4.420	(46.251)	620.972	-
11	548.570	258.055	11.388	41.676	288	19.950	16.664	209.829	-
12	1.112.597	419.528	25.092	58.435	-	26.070	31.158	382.795	-
13	745.777	224.234	57.477	42.234	780	9.939	5.572	202.831	-
14	493.587	85.962	2.947	14.081	892	1.045	(4.173)	78.550	-
15	268.691	104.138	8.256	6.889	2.630	5.921	4.388	112.626	-
16	388.115	157.809	8.701	28.784	204	30.067	3.028	166.462	-

(1) The subsidiaries other than the ones presented with fair value are carried at cost less impairment, if any. For the subsidiaries having fair value, fair value shows the portion belonging to Ziraat Bank.

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

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

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

	Current Period	Prior Period
Balance at the Beginning of the Period	7.394.408	5.138.250
Movements During the Period	37.575	2.256.158
Additions to Scope of Consolidation	-	-
Purchases ⁽¹⁾	-	1.521.015
Bonus Shares Obtained	2.028	-
Dividends from current year income	-	-
Sales	-	-
Revaluation Increase ⁽²⁾	35.547	807.408
Impairment Provision (-)	-	72.265
Balance at the End of the Period	7.431.983	7.394.408
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

(1) Paid Capital Increases are classified under "Purchases" account.

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

(3) Non-financial subsidiaries are not included.

10.2. Sectoral Information and Related Amounts of Subsidiaries

	Current Period	Prior Period
Banks	5.185.586	4.865.172
Insurance Companies	129.972	129.972
Factoring Companies	-	-
Leasing Companies	-	282.839
Financing Companies	-	-
Other Financial Subsidiaries	2.116.425	2.116.425

10.3. Subsidiaries which are Quoted on a Stock Exchange

None (31 December 2018: None).

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

(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 (Continued)

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

Entities under Common Control (Joint Ventures) ⁽¹⁾	Parent Bank's Share (%)	Group's Share (%)	Current Assets	Non- Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	50,00	50,00	5.383.114	14.572	32.850	73.668	33.492

⁽¹⁾ Information on entity under joint control is provided from the unaudited financial statements as of 30 September 2019.

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

12. Information on Finance Lease Receivables (Net)

The Bank has no finance lease receivables

13. Information on Derivative Financial Assets for Hedging Purposes

The Bank has no derivative financial assets for hedging purposes

14. Information on Investment Property

None

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

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

The Bank's immovables acquired amount to TL 2.452.388 consisting of TL 20.513 due to consumer loans, TL 2.289.088 on its commercial loans and TL 142.787 on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL 3.006 (31 December 2018: The Bank's immovables acquired amount to TL 1.221.830 consisting of TL 17.591 due to consumer loans, TL 1.103.924 on its commercial loans and TL 100.315 on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL 3.559).

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

(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(Continued)

16. Explanations on Tangible Assets

	Immovables	Tangibles- Financial Leasing	Vehicles	Intangibles - Financial Leasing	Operational Leasing Development Costs	Other Tangibles	Total
Prior Period End							
Cost	5.599.795	-	1.133.573	14.928	255.187	-	7.003.483
Accumulated Depreciation (-)	1.012.511	-	721.194	6.218	215.553	-	1.955.476
Impairment (-)	2.805	-	-	-	-	-	2.805
Net Book Value	4.584.479	-	412.379	8.710	39.634	-	5.045.202
Current Period End							
Net Book Value at the Beginning of the Period	4.584.479	-	412.379	8.710	39.634	-	5.045.202
Change During the Period (Net)	(135.894)	560.995	(26.113)	96.093	(14.298)	-	480.783
- Cost	(148.405)	640.088	84.882	124.445	1.689	-	702.699
- Depreciation – net (-)	(12.649)	79.093	110.995	28.352	15.987	-	221.778
- Impairment (-)	138	-	-	-	-	-	138
Net Currency Translation from Foreign Subsidiaries							
Cost at Period End	5.451.390	640.088	1.218.455	139.373	256.876	-	7.706.182
Accumulated Depreciation at Period End (-)	999.862	79.093	832.189	34.570	231.540	-	2.177.254
Impairment (-)	2.943	-	-	-	-	-	2.943
Closing Net Book Value	4.448.585	560.995	386.266	104.803	25.336	-	5.525.985

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

None.

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

None.

19. Information on Expected Credit Loss for Financial Assets

	Current Period	Prior Period
Cash and Balances at Central Bank	471	422
Banks and Receivables from Money Markets	2.978	704
Financial Assets Measured at Amortized Cost	2.370	1.384
Other	35.358	39.874
Total	41.177	42.384

20. Information on Other Assets

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

1. Information on Deposits/Funds Collected

1.1 Information on Maturity Structure of Deposits

Current Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	32.398.672	-	3.163.580	60.728.613	27.950.365	2.756.066	8.707.681	209.594	135.914.571
Foreign Currency Deposits	45.669.959	-	13.969.529	58.562.970	10.168.287	7.985.734	25.145.409	5.675	161.507.563
Residents in Turkey	37.805.009	-	13.046.138	48.513.815	6.409.931	4.118.345	8.021.661	4.496	117.919.395
Residents Abroad	7.864.950	-	923.391	10.049.155	3.758.356	3.867.389	17.123.748	1.179	43.588.168
Public Sector Deposits	8.552.147	-	3.229.124	5.337.409	735.506	1.775.011	4.856	-	19.634.053
Commercial Inst. Deposits	8.172.653	-	7.292.779	12.350.235	1.361.740	1.528.528	485.299	-	31.191.234
Other Inst. Deposits	1.927.173	-	1.337.756	4.900.122	2.853.119	909.375	579.864	-	12.507.409
Precious Metals	10.146.976	-	95.245	1.485.197	171.214	79.304	100.449	-	12.078.385
Interbank Deposits	4.512.334	-	16.932.235	4.708.917	3.353.749	634.768	531.951	-	30.673.954
CBRT	1.145	-	-	-	-	-	-	-	1.145
Domestic Banks	223.758	-	15.120.600	279.692	13.031	2.047	2.404	-	15.641.532
Foreign Banks	3.642.448	-	1.811.635	3.640.393	3.340.718	632.721	529.547	-	13.597.462
Participation Banks	644.983	-	-	788.832	-	-	-	-	1.433.815
Other	-	-	-	-	-	-	-	-	-
Total	111.379.914	-	46.020.248	148.073.463	46.593.980	15.668.786	35.555.509	215.269	403.507.169

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

1. Information on Deposits/Funds Collected

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

	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits ⁽¹⁾	93.746.487	72.452.175	41.863.921	42.513.947
Foreign Currency Saving Deposits ⁽¹⁾	57.152.242	35.389.813	68.580.145	62.168.160
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance ⁽²⁾	1.263.588	1.106.656	140.004	161.259
Deposits at Off-Shore Banking Regions’ and under Foreign Authorities’ Insurance	-	-	-	-

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

⁽²⁾ In Bulgaria and Greece, since both real person and legal entity’s saving deposits are under the guarantee of insurance and since such balances included in insurance limit are calculated by the system, the legal entity saving deposits amounting to TL 143.803 and TL 12.921 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2018: TL 140.007 TL and TL 24.266).

Based on the Council of Minister’s decree dated 29 December 2003 and numbered 2003/6668, TL 586 of demand deposits is not included in the above calculation, since the Bank paid the saving deposits amount attributable to T. İmar Bank T.A.Ş.

Savings Deposit Insurance Fund premiums are calculated based on deposit amount attributable to real persons in domestic branches of the banks. As total of capital amount and interest expense accruals of saving deposits up to TL 150 attributable to a real person is covered by the insurance, TL 2.299.618 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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

1. Information on Deposits/Funds Collected (Continued)

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

	Current Period	Prior Period
Deposits and other Accounts in Branches Abroad	68.474	59.444
Deposits of Ultimate Shareholders and Their Close Family Members	-	-
Deposits of Chairman and Members of the Board of Directors, CEO, Executive Vice Presidents and Their Close Family Members	19.909	8.967
Deposits Obtained through Illegal Acts Defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004	-	-
Saving Deposits in Banks Established in Turkey Exclusively for Off-Shore Banking Activities	-	-

2. Negative Differences Related to the Derivative Financial Liabilities

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	176.340	83.302	272.091	8.419
Swap Transactions	914.573	1.778.925	882.868	478.751
Futures Transactions	-	-	-	-
Options	9	40	1.363	-
Other	-	-	-	-
Total	1.090.922	1.862.267	1.156.322	487.170

3. Information on Banks and Other Financial Institutions

3.1. General Information on Banks and Other Financial Institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	-	-	-	-
Domestic Banks and Institutions	3.495.505	4.199.672	2.088.086	4.119.290
Foreign Banks, Institutions and Funds	379.772	25.647.155	580.527	27.383.750
Total	3.875.277	29.846.827	2.668.613	31.503.040

3.2. Maturity Structure of Funds Borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	3.494.733	2.652.921	2.086.811	4.952.533
Medium and Long-Term	380.544	27.193.906	581.802	26.550.507
Total	3.875.277	29.846.827	2.668.613	31.503.040

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

65,27% 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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

4. Information on Funds Supplied from Repurchase Agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Transactions	41.280.266	-	55.960.316	-
Financial Institutions and Organizations	40.716.170	-	55.754.498	-
Other Institutions and Organizations	560.488	-	203.162	-
Real Person	3.608	-	2.656	-
From Overseas Operations	-	19.854.225	-	12.390.480
Financial Institutions and Organizations	-	19.854.225	-	12.390.480
Other Institutions and Organizations	-	-	-	-
Real Person	-	-	-	-
Total	41.280.266	19.854.225	55.960.316	12.390.480

5. Information on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	2.407.403	314.617	1.806.838	106.896
Asset-Backed Securities	-	-	-	-
Treasury Bills	1.010.690	9.110.936	1.010.690	12.506.044
Total	3.418.093	9.425.553	2.817.528	12.612.940

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

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

7. Information on Finance Lease Payables (Net)

Information on finance lease payables represented in the table below:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	142.210	142.210	224	221
Between 1-4 Years	410.945	410.945	-	-
More than 4 Years	35.836	35.836	-	-
Total	588.991	588.991	224	221

8. Information on Derivative Financial Liabilities for Hedging Purposes

There are no derivative financial liabilities for hedging purposes

9. Explanations on Provisions

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

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

9.2. Liabilities on Reserve for Employee Termination Benefits

The Bank accounts for its vacation and retirement pay obligations in accordance with the TAS 19 “Employee Benefits”. The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 30 September 2019, unpaid vacation liability amounted to TL 257.485 and employment termination amounted to TL 951.702 are presented under the “Employee Benefits Provision” in the financial statements (31 December 2018: unpaid vacation liability amounted to TL 198.000, and employment termination amounted to TL 824.520 are presented under the “Employee Benefits Provision” in the financial statements).

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

9. Explanations on Provisions (Continued)

9.3. Information on Other Provisions

These financial statements include a general provision which is not in accordance with BRSA Principles amounting to TL 952.000, provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions. Moreover, the provision of TL 30.500 and other provision of TL 217 exist for cash transfers made by Bank officials. The Bank has provided provision amounting to TL 689.352 for possible losses arising from the off-balance sheet items. (31 December 2018: These financial statements include a general provision which is not in accordance with BRSA Principles amounting to TL 952.000 which has a part of TL 523.000 have been reversed, provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions. Moreover, the provision of TL 30.500 and other provision of TL 217 exist for cash transfers made by Bank officials. The Bank has provided provision amounting to TL 448.141 for possible losses arising from the off-balance sheet items in the current period.)

10. Information on Tax Liability

10.1. Information on Current Tax Liability

10.1.1. Information on Tax Provisions

As of 30 September 2019, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 1.175.137 (As of 31 December 2018, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 880.567).

10.1.2. Information on Current Taxes Payable

	Current Period	Prior Period
Corporate Tax Payable	1.175.137	880.567
Taxation on Income From Securities	377.194	195.908
Property Tax	2.715	2.668
Banking Insurance Transactions Tax (BITT)	259.192	235.144
Foreign Exchange Transactions Tax	4.712	58
Value Added Tax Payable	7.099	8.366
Other	90.586	109.738
Total	1.916.635	1.432.449

10.1.3. Information on Premiums

	Current Period	Prior Period
Social Security Premiums - Employee	46	40
Social Security Premiums - Employer	61	54
Bank Social Aid Pension Fund Premium - Employee	67	11.988
Bank Social Aid Pension Fund Premium - Employer	96	16.712
Pension Fund Membership Fees and Provisions - Employee	2	1
Pension Fund Membership Fees and Provisions - Employer	1	-
Unemployment Insurance - Employee	1.064	1.816
Unemployment Insurance - Employer	2.129	3.634
Other	-	-
Total	3.466	34.245

10.2. Information on Deferred Tax Liabilities, if any

The Bank does not have any deferred tax liability.

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

12. Explanations on Subordinated Debts

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	-	8.722.370	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	8.722.370	-	-
Debt instruments to be included in contribution capital calculation	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Total	-	8.722.370	-	-

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

13. Information on Shareholders' Equity

13.1. Presentation on Paid-In Capital

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

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

The Bank does not have a registered capital system.

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

There are no capital increases in the current period

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

There is no share capital amount included in capital.

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

The Bank has no capital commitments.

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

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

13.7. Information on Preferred Shares Representing The Capital

The Bank has no preferred shares.

13.8. Information on Marketable Securities Value Increase Fund

	Current Period		Prior Period	
	TL	FC	TL	FC
From Subsidiaries, Associates and Entities under Common Control	1.791.973	183.882	1.793.543	176.034
Revaluation Difference	(35.265)	183.882	(33.695)	176.034
Foreign Exchange Difference	1.827.238	-	1.827.238	-
From Financial Assets at Fair Value Through Other Comprehensive Income	(1.167.115)	(1.908.326)	(3.637.328)	(2.792.581)
Revaluation Difference	(2.010.208)	(1.908.326)	(5.477.334)	(2.792.581)
Deferred Tax Effect	843.093	-	1.840.006	-
Foreign Exchange Difference	-	-	-	-
Total	624.858	(1.724.444)	(1.843.785)	(2.616.547)

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. EXPLANATIONS AND NOTES TO OFF-BALANCE SHEET ACCOUNTS

1. Information on Off-Balance Sheet Liabilities

1.1. Nature and Amount Of Irrevocable Loan Commitments

	Current Period	Prior Period
Commitments for Credit Card Expenditure Limits	22.192.017	13.341.463
Other Irrevocable Commitments	12.505.198	14.001.763
Loan Granting Commitments	10.177.670	8.548.157
Payment Commitments for Cheques	3.582.105	2.773.071
Asset Purchase Commitments	20.765.341	7.174.245
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	35.083	23.620
Subsidiaries and Associates Capital Contribution Commitments	5.250	-
Total	69.262.664	45.862.319

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

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

	Current Period	Prior Period
Letters of Guarantee	90.143.958	94.754.340
Letters of Credit	18.342.001	17.915.615
Bank Acceptances	7.660.909	8.312.973
Endorsements	868.608	202.092
Total	117.015.476	121.185.020

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

	Current Period	Prior Period
Letters of Certain Guarantees	66.168.414	65.841.319
Letters of Advance Guarantees	16.130.114	20.112.137
Letters of Temporary Guarantees	2.414.841	3.098.995
Letters of Guarantees Given to Customs Offices	1.645.191	1.444.864
Other Letters of Guarantees	3.785.398	4.257.025
Total	90.143.958	94.754.340

1.3. Explanations on Non-Cash Loans

1.3.1. Total Non-Cash Loans

	Current Period	Prior Period
Non-Cash Loans for Providing Cash Loans	435.216	872.563
With Original Maturity of One Year or Less	-	4.289
With Original Maturity of More than One Year	435.216	868.274
Other Non-Cash Loans	116.580.260	120.312.457
Total	117.015.476	121.185.020

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

(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 PROFIT OR LOSS STATEMENT

1. Within The Scope of Interest Income

1.1. Information on Interest Income from Loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans ⁽¹⁾	33.194.671	6.208.967	24.199.272	4.998.554
Short Term Loans	10.638.163	593.680	6.720.560	285.896
Medium and Long Term Loans	21.882.812	5.615.250	17.365.992	4.712.631
Interest on Under Follow-up Loans	673.696	37	112.720	27
Premiums from Resource Utilization Support Fund	-	-	-	-

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

1.2. Information on Interest Received from the Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	91.929	-	32.523	-
Domestic Banks	124.088	257	75.151	340
Foreign Banks	27.165	26.010	11.167	38.380
Foreign Head Office and Branches	-	-	-	-
Total	243.182	26.267	118.841	38.720

1.3. Information on Interest Income on Marketable Securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	2.645	1.899	1.682	483
Financial Assets at Fair Value Through Other Comprehensive Income	6.640.260	1.229.540	5.042.403	1.013.046
Financial Assets Measured at Amortized Cost	627.728	383.121	353.693	282.932
Total	7.270.633	1.614.560	5.397.778	1.296.461

1.4. Information on Interest Income from Subsidiaries and Associates

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	161.968	44.121

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

(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 PROFIT OR LOSS STATEMENT(Continued)

2. Within the Scope of Interest Expense (Continued)

2.1. Information on Interest Expense on Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	328.478	933.333	144.711	909.694
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	263.655	152.194	84.329	53.091
Foreign Banks	64.823	781.139	60.382	856.603
Foreign Head Office and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	328.478	933.333	144.711	909.694

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

2.2 Information on Interest Expenses Given to Subsidiaries and Associates

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	342.371	193.233

2.3 Information on Interest Given on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Given on Securities Issued	351.673	634.460	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	-	2.128.616	8.640	4.043	376	404	-	2.142.079
Saving Deposit	-	318.201	9.123.010	2.000.488	399.774	752.300	6.652	12.600.425
Public Sector Deposit	369	475.735	544.276	105.473	256.324	417	-	1.382.594
Commercial Deposit	127	955.322	1.488.808	105.826	527.595	38.936	-	3.116.614
Other Deposit	7	144.199	457.693	378.600	141.109	70.333	-	1.191.941
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	503	4.022.073	11.622.427	2.594.430	1.325.178	862.390	6.652	20.433.653
FC								
Foreign Currency Deposit	740	243.384	923.954	108.473	92.842	309.485	1	1.678.879
Bank Deposit	13	114.554	8.815	13.155	4.127	6.100	-	146.764
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	283	6.669	751	349	477	-	8.529
Total	753	358.221	939.438	122.379	97.318	316.062	1	1.834.172
Grand Total	1.256	4.380.294	12.561.865	2.716.809	1.422.496	1.178.452	6.653	22.267.825

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

(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 PROFIT OR LOSS STATEMENT(Continued)

3. Information on Trading Profit/Loss (Net)

	Current Period	Prior Period
Profit	72.332.764	81.818.482
Foreign Exchange Profits	69.476.403	79.886.865
Profit on Derivative Financial Instruments	2.788.267	1.923.413
Profit from the Capital Market Transactions	68.094	8.204
Loss (-)	78.614.242	85.031.187
Foreign Exchange Loss	69.096.847	80.883.984
Loss on Derivative Financial Instruments	9.511.736	4.142.734
Loss from the Capital Market Transactions	5.659	4.469

4. Information on Other Operating Income

Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 665.423 and income from sales of assets amounting to TL 83.485 (30 September 2018: Significant proportion of 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 for Impairment on Loans and Other Receivables of Banks

Expected Loss Provision Expenses According to TFRS 9

	Current Period	Prior Period
Expected Credit Loss Provisions	3.271.586	3.164.521
12 month expected credit loss (stage 1)	226.263	310.632
Significant increase in credit risk (stage 2)	597.841	1.479.182
Under Follow-up loans (stage 3)	2.447.482	1.374.707
Marketable Securities Impairment Expense	1.064	751
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	1.064	751
Subsidiaries, Associates and Joint Ventures Provision Expenses for Impairment	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	3.300	-
Total	3.275.950	3.165.272

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

(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 PROFIT OR LOSS STATEMENT (Continued)

6. Information on Other Operating Expenses

	Current Period	Prior Period
Reserve for Employee Termination Benefits	128.310	89.761
Bank Social Aid Provision Fund Deficit Provision	-	-
Tangible Fixed Assets Impairment Expense	-	101
Depreciation Expenses of Tangible Fixed Assets	295.339	168.797
Intangible Assets Impairment Expense	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	61.896	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	1.991.677	1.825.489
Leasing Expenses Related to TFRS 16 Exceptions	90.827	221.230
Maintenance Expenses	71.566	71.567
Advertisement Expenses	151.127	116.912
Other Expenses	1.678.157	1.415.780
Loss on Sales of Assets	14.631	903
Other ⁽¹⁾	2.009.868	1.427.170
Total	4.501.721	3.563.798

⁽¹⁾ TL 721.894 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 625.263 consists of taxes, duties and charges expense (30 September 2018: 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)

⁽²⁾ Prior period balance is from Operational Leasing Expenses.

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

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

	Current Period	Prior Period
Net Interest Income	16.685.432	16.471.729
Net Fees and Commissions Income	2.475.786	1.912.097
Other Operating Income	1.134.098	655.783
Dividend Income	1.059.898	290.376
Trading Profit/Loss (Net)	(6.281.478)	(3.212.705)
Personnel Expenses (-)	2.575.877	2.128.474
Allowances For Expected Credit Losses (-)	3.271.586	3.164.521
Other Provision Expenses (-)	4.364	751
Other Operating Expenses (-)	4.501.721	3.563.798
Profit / (Loss) From Continuing Operations	4.720.188	7.259.736

8. Information on Tax Provision for Continuing and Discontinuing Operations

As of 30 September 2019, TL 876.014 of the Bank’s total tax provision expense amounting to TL 1.830.518 consists of current tax expense while remaining balances amounting to TL 954.504 consists of deferred revenue. (As of 30 September 2018, TL 1.616.263 TL 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 3.844.174 (30 September 2018: TL 5.643.473).

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

(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 PROFIT OR LOSS STATEMENT (Continued)

10. Information on Net Profit/Loss

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

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

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

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

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

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

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

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

Current Period

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Opening Balance	2.535.527	5.669.093	-	-	-	-
Closing Balance	2.183.753	3.486.411	-	-	-	-
Interest and Commissions Income	161.968	1.187	-	-	-	-

Prior Period

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Opening Balance	1.622.698	4.428.780	-	-	-	-
Closing Balance	2.535.527	5.669.093	-	-	-	-
Interest and Commissions Income ⁽¹⁾	44.121	482	-	-	-	-

⁽¹⁾ Represent the amount of interest and commissions income as of 30 September 2018.

2. Deposits Held By The Bank's Risk Group

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Opening Balance	2.711.172	1.760.542	-	-	-	-
Closing Balance	3.319.228	2.711.172	-	-	-	-
Interest Expense on Deposits	342.371	193.233	-	-	-	-

⁽¹⁾ The prior period balance of the deposit interest expense represents the amount at 30 September 2018

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

(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

	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at fair value through Profit or Loss						
Opening Balance	1.209.831	555.062	-	-	-	-
Closing Balance	800.878	1.209.831	-	-	-	-
Total Profit/Loss	(78.248)	(32.283)	-	-	-	-
Risk Protection Oriented Processes	-	-	-	-	-	-
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

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

Fees paid to the Bank’s key management amount to TL 9.531 (30 September 2018: 8.992 TL).

VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

SECTION SIX

I. EXPLANATIONS ON LIMITED REVIEW REPORT

As of 30 September 2019, unconsolidated financial statements and explanatory notes of the Bank disclosed herein were reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member firm of KPMG International Cooperative, a Swiss entity) and Auditors’ Review Report dated 12 November 2019 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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION SEVEN

EXPLANATIONS ON INTERIM ACTIVITY REPORT

I. Chairman’s Assessment

During the third quarter which once again clearly showed that there are no winners in a trade war, economic activities were continued to be repressed. Central Banks, on the other hand, being sensitive to the slow-down in global economy took an expansionary path in synchronization with each other.

We came to the end of a quarter during which developing countries central banks, along with developed countries` entered a race of rate cuts. FED for the first time since the global economic crisis cut interest rates and made two rate cuts in the third quarter.

Specifically due to increasing concerns over recession in Germany, European Central Bank (ECB) restarted bond purchases along with rate cuts. Strongest rate cuts in this quarter, though, were made by CBRT with 750 basis points, thanks to significant improvement in inflation. Additionally CBRT has further cut the policy rates 250 basis points in October.

Political risks in the Eurozone, uncertainties regarding Brexit and Hong Kong protests were among other developments which shaped the third quarter. Because no resolution has been reached in the US-China trade talks, it may be expected that protectionist policies will keep casting a shadow on global economy in the mid-term. Geopolitical risks, political risks in Europe and next year`s elections in the US may lead developed country central banks to maintain their supportive monetary policy stances.

TL assets have positively differentiated from peers in the last quarter. Despite CBRT`s rate cuts and the global appreciation trend in USD, Turkish Lira kept its stable position and gave positive signals for the fourth quarter. The rebalancing period which policymakers estimated to span two years, seems to have been completed in one year, thanks to the success in major macroeconomic indicators such as inflation and current account balance. Following the rebalancing and discipline period, coordinated policies which are to be implemented in the transformation period will achieve financial stabilization and the economy will converge to sustainable growth.

Ziraat Bank which has reached an asset size of TL 618 billion, as of the end of September, shows that it is the leading bank of the sector with the new deposit products it designed and offered, as well as loan solutions it provided to where financing in favourable terms is needed. Ziraat Bank maintains its pioneering status through new loan and deposit products.

Loan products which especially enable TL financing of investment projects should be regarded as of considerable importance. In that regard, our Bank has increased its market share in TL loans since 2012 and the Bank currently provides approximately 19% of the TL loans in the sector. Along with its approach which focuses on financing the real sector, the Bank also maintains its leading status by efficiently meeting individual financing needs through housing and general purpose loans.

Ziraat Bank continues its operations by increasing its support to our economy anytime, anywhere and it will keep increasing its support in the coming period, conscious of its responsibility as a leader bank.

Dr. Ahmet GENÇ

Chairman of the Board

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

II. Assessment of General Manager

As of the end of third quarter, we have reached an asset size of TL 618 billion. Our cash loans have exceeded TL 422 billion and including our non-cash loans, our total loans figure has reached TL 539 billion.

In order to facilitate mid-long term TL financing of investment loans in our economy, we have developed and diversified our loan products. We have introduced inflation and government securities indexed loan products. We ensured that those loan products are mostly allocated to the sectors whose operations better support the country’s current account balance, increase energy efficiency and decrease reliance on imports.

As a pioneering bank in lending, we have provided 37% of the 9 month total loan growth in the sector and increased our market share to 19%.

Approximately 75% of our cash loans are corporate loans (including SME) while retail loans make up 25% of our loan portfolio. Agriculture sector has the highest share in our corporate loans. That being said, we do not view agriculture as merely another sector we provide financing for. As a value chain, we keep working towards further improving its industrial aspects and increasing its share in the economy along with adding more value to it.

We keep increasing our support to small and medium sized enterprises. We have provided considerable support to our customers through new and reasonable financing products such as SME Support and SME Value Loans, İvme (Acceleration) Financing Pack and Economy Value Loans Pack. Along with our fixed rate loan products, we have designed and implemented new, inflation and government securities indexed loan products in order to meet our customers’ investment and working capital financing needs. In the third quarter we have also launched our loan product indexed to TLREF (Turkish Lira Overnight Reference Rate)

We also reasonably and efficiently meet retail financing needs such as housing, general purpose and automobile through our retail loan products. Our market share in housing loans has reached to 30% and in GPL close to 18%. We keep offering innovative products to our customers in order to meet retail financing needs. Following recent retail loan products we have launched such as “Combining Consumer Loan”, “Inflation Indexed Housing Loan”, “Company Contributed Housing Loan”, we have further enriched our product portfolio with “Domestic Production Focused Private Auto Loan Package”.

We continue to provide funds that our economy needs through deposit and non-deposit funding internationally as well as domestically. We allocate these funds through loans extended to fields mainly in real sector which contribute to our economy. Additionally, in order to support de-dollarization, we have also started offering inflation-protected deposit products which allow households to protect their assets against inflation.

While strengthening the most widespread branch and ATM network in the sector in order to provide better, more efficient and faster services, we also keep investing in digital banking. We are developing our widespread foreign branch network along with our domestic branches in order to benefit our Bank and economy more.

Hüseyin AYDIN

Member of the Board and CEO

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

III. Corporate Profile

Through its strong position, Ziraat Bank reflects the growth potential offered by financial markets to its performance in the most accurate way and accomplishes best practices in business processes.

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

Ziraat Bank, Turkey's oldest and strongest bank, began its operations in 1863. The Bank starting from the date of its foundation, has been supporting individuals from all segments of the society, and institutions from all sectors of the economy and thus with the funds allocation has been the driving force of the economic development.

Ziraat Bank has rich product and service diversity, long-term know-how and experience, competent human resources and a sound 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 widespread banking service network, offers its corporate, SME and retail segment customers continuous and superior quality banking services with:

- 1.763 domestic and foreign branches
- 24.380 Employees
- 7.236 ATMs
- Internet Banking (Retail and Corporate Internet Branch)
- Mobile Banking (Ziraat Mobile, Ziraat Tablet)
- Telephone Banking
- SMS Banking

Ziraat Bank, with a strategy of being a global player, has gained a reputable position in international banking, an area which the Bank has been focusing for many years. Operating in 18 countries around the world, the Bank is serving banking in overseas through a large international network with 9 international subsidiary banks, 24 foreign branches and 1 representative office.

The Bank, which has a large and diversified subsidiaries portfolio in Turkey performs its activities as an institution with consciousness of ethical values and social responsibility, in banking, insurance, pension, securities brokerage, asset management, venture capital investment, real estate investment and financial technology. 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 6.100.000.000. The Bank's sole shareholder is Turkish Wealth Fund.

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

V. Main Financial Indicators

ASSETS (TL Million)	30.09.2019	31.12.2018
Cash and Cash Equivalents	48.968	46.237
Securities Portfolio*	115.678	88.681
Loans**	422.141	371.871
Other	31.441	30.367
Total Assets	618.228	537.156
LIABILITIES (TL Million)	30.09.2019	31.12.2018
Deposits	403.507	331.066
Non-deposit Funds	116.423	117.953
Other	33.173	30.736
Shareholders' Equity	65.125	57.401
Total Liabilities	618.228	537.156
SELECTED P&L ITEMS (TL Million)	30.09.2019	30.09.2018
Interest Income	49.075	36.579
Interest Expense	32.389	20.108
Net Interest Income	16.685	16.472
Net Fees and Commission Income	2.476	1.912
Other Operations Income	1.134	656
Other Operations Expense	4.502	3.564
Allowance for expected credit losses	3.272	3.165
Profit/Loss Before Tax Provision	4.720	7.260
Tax Provision	876	1.616
Net Profit/Losses	3.844	5.643
RATIOS (%)	30.09.2019	31.12.2018
Capital Adequacy Ratio	16,91	14,82
Equity / Total Assets	10,5	10,7
Cash Loans / Total Assets	68,3	69,2
Loans under follow-up (Gross) / Total Loans	2,3	2,0
Saving Deposits/ Total Deposits	27,6	26,3
FC Assets / FC Liabilities	83,5	92,0
Liquid Assets / Total Assets	7,9	8,6

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

(**) Loans under follow-up for expected credit losses are not included.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

VI. 2019 III. Interim Activities

International Banking

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

Bonds Issuance in Global Markets

In the third quarter of 2019, the Bank continued to provide external funding through issuances in the form of private placement under the GMTN (Global Medium Term Notes) program.

Treasury Operations

Executive Vice Presidency of Treasury Management and International Banking continues its efforts to provide the most appropriate service towards meeting financial needs of the real sector and retail customers.

As was the case in previous years, in terms of funding diversity and reaching a different customer base, domestic bond issuances have been continued in the third quarter of 2019. Total amount of the local bonds issued during the period was TL 3,4 billion versus a total redemption amount of TL 2,2 billion. In order to enable investors to diversify their portfolios and effectively redistribute their risks, 182 and 364 days floating rate issuances which take Turkish Lira Overnight Reference Interest Rate (TLREF) published by Borsa Istanbul as a reference rate have been made along with fixed rate instruments. The Bank has completed the sector’s first TLREF indexed debt instrument at the end of August and provided financing for a total amount of TL 2,25 billion through three separate issuances with 6 month and 1 year maturities. The Bank will be using the TLREF rate and TLREF index as a basis for pricing debt instrument issuances, derivative transactions and loans in the coming periods as well.

The Bank’s gold deposits reached a size of 45.1 tons and increased by 15% in the third quarter of 2019 compared to the previous quarter, and year-to –date increase has been 25% in the product. The Bank’s treasury group managed 34 tons of trading volume during the period, offered customers the time and demand gold deposit products and provided continuous service through all channels. In addition, in the third quarter of 2019, 718 kilograms of under mature gold was added to the financial system with the “Golden Time (Altın Vakti)” product, in which scrap gold is collected from customers.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

VI. 2019 III. Interim Activities

Credit Rating Agencies

Credit Rating Agency	Category	Credit Grade	Date
Fitch Ratings	FC Long Term	B+	July 2019
	Outlook	Negative	
	FC Short Term	B	
	LC Long Term	BB	
	Outlook	Negative	
	LC Short Term	B	
	National Long Term	AA	
	Outlook	Stable	
	Support	4	
	Support RatingFloor	B+	
	Viability Rating	b+	
Moody’s	Outlook	Negative	June 2019
	Long Term Bank Deposit –FC	B3	
	Short Term Bank Deposit –FC	Not-Prime	
	Long Term Bank Deposit –TL	B2	
	Short Term Deposit –TL	Not-Prime	
	Long Term Issuer –FC	B2	
	Long Term Issuer –TL	B2	
	Baseline Credit Assessment	caa1	
	Adjusted Baseline Credit Assessment	caa1	
JCR Eurasia	Long Term International FC	BBB -	October 2018
	Outlook	Negative	
	Long Term International LC	BBB -	
	Outlook	Negative	
	Long Term National	AAA (Trk)	
	Outlook	Stable	
	Short Term International FC	A – 3	
	Outlook	Negative	
	Short Term International LC	A – 3	
	Outlook	Negative	
	Short Term National	A-1+ (Trk)	
	Sponsor Support	1	
	Stand alone		

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

VI. 2019 III. Interim Activities(Continued)

Financing of Agriculture Sector

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

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

TL 65,2 billion loans allocated for financing the agricultural sector

Ziraat Bank’s total loans from its own funds and intermediated loans of public funds for financing the agricultural sector reached to TL 65,2 billion by the end of the third quarter of 2019 and number of agro loan customers served exceeded 763 thousands.

In the first nine months of 2019, customers operating in the sector in the production lines determined by the decree and communiqué regarding subsidized loans continue to use loans with favourable interest rates.

In the first nine months of 2019, subsidized loans amounting to TL 20,7 billion were extended to 263 thousand producers and companies that are operating in agriculture sector.

Agricultural Credit Packages

In the first 9 months of 2019;

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

VII. 2019 III. Interim Activities(Continued)

Young Farmer Academy

The social responsibility project, which was launched in September 2018 under the name of ‘‘Ziraat Bank Young Farmers Academy’’, continues to grow. The number of participants has exceeded 200 who have successfully completed ‘‘dairy cattle breeding’’ and ‘‘greenhouse’’ trainings organized in cooperation with 6 universities , which has received more than 8 thousand applications to date,

In the first nine months of 2019, 8 groups of dairy cattle breeding, 4 groups of green housing and 1 sheep trainings have been completed successfully.

Risk Management

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

Risk management policy is identified as measurement and monitoring of credit risk, market risk, operational risk, balance sheet risk in accordance with the volume, type and complexity of Bank’s transactions, conducting stress tests, scenario analysis and reporting the outcomes from these studies. Policies and application methods of risk management are carried out in accordance with the decisions by the Board of Directors.

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

VII. Other Important Activities

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

Thanks to Ziraat Turkey Cup Advertising, Ziraat Bank was awarded two gold awards in the categories of the "Advertising Campaign of the Year-Corporate Reputation / Professional Services," and "Advertising Campaign of the Year - Entertainment and Recreation’’ and a silver award in the category of "Branded Content" from Stevie Awards. Also thanks to 155. Year Advertising Film, the Ziraat Bank received a silver award in the category of ‘‘Advertising Campaign of the Year - Corporate Reputation / Professional Services’’ and a bronze award in the category of ‘‘Branded Content’’ from Stevie Award. The Ziraat Bank who received the bronze award in the category of film technique (Visual Effect) at Clio awards with Ziraat Turkey Cup Advertising, has also been the winner of the silver award with 155.Year Advertising Film at Sardis Awards organized firstly in this year.

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

Ziraat Bank has attached importance to art and artists since its establishment, under the motto of ‘‘In Art for Art’’ and continues to carry out various activities in all areas of the arts. Since the 1990s, Ziraat Bank has added new rings to its support chain for the arts and offered Kuğulu and Tünel Art Galleries to the use of art lovers. The State Theater Agricultural Stage, which was established in cooperation with the Ziraat Bank taking the supporting culture and the arts as its duty and the General Directorate of State Theaters, services for the theatre lovers.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

VII. Other Important Activities (Continued)

The Bank is committed to meeting the demands and expectations of its customers in the best possible way and keeps customer satisfaction at the highest level in every platform including social media. The Bank has reached the position of the most effective bank in the sector with Facebook as of third quarter of 2019, reaching over 2,1 million likes and with approximately 383 thousand followers on Twitter, over 162 thousand followers on Instagram and over 67 million views of YouTube page.

In the third quarter of 2019, in order to support SMEs and all non-SME enterprises that have an important role in increasing employment and production in Turkey and to ease the financial burden on enterprises, Economic Value Loan (EDK) product has been launched which is inflation-indexed and aims to add value to the economy by providing working capital support with CGF guarantee within the framework of Treasury Supported Surety System. Currently, the size of Economy Value Loan facility exceeds TL 2.7 billion.

The "Acceleration Loan Package" was put into action as a new product in order to meet the increasing demand by local production for raw material-intermediate goods and the machinery which are the driving forces of industrialization. As of the third quarter, TL 1.9 billion of loan was extended at the scope of the mortgage.

Within the scope of the new "Bankkart Başak Corporate Card project", which was implemented in the first quarter of 2019 and continued to develop rapidly after, the Bank reached 478 thousand cards and a total risk balance of TL 3.1 billion as of the end of the third quarter.

As of the end of the third quarter of 2019, the Bank has 527 thousand member merchants and 489 thousand terminals. Total turnover of member merchants in the third quarter was 33.6 billion and the Bank's turnover market share in September 2019 was 12.27%.

At the end of the third quarter of 2019, the Bank reached 13 million digital customers, 8.1 million active mobile banking users and 1.8 million active internet branch users.

Taking sectorial trends and Bank's dynamics into consideration, Ziraat Bank started a comprehensive payment systems development project at the end of 2016. The objectives of the project were defined as delivering card products with advanced technological infrastructure to a wide population, offering new product features and services which provide advantages to customers and conducting activities to make customer oriented process and infrastructure revisions at digital channels. Within the scope of this project, the bank's new card brand, Bankkart was launched in the first quarter of 2018. With the launch of Bankkart, number of credit cards, income from credit cards and its prevalence has improved rapidly. As of the end of the third quarter of 2019, the number of Ziraat Bank credit cards was 7 million, with the Bank commanding a 10,3% market share in terms of the number of credit cards and a 6,6% market share in terms of turnover. Number of debit cards has exceeded 34 million and the Bank has kept its sector leader position with a trade turnover market share of 19,96%.

As a part of efforts to extend the Bank's funding base, diversify and enrich funding products in line with customer behaviour and needs, Inflation-Indexed and Interest-Protected Deposit and Inflation-Protected Deposit products were offered to customers as of April 2019. With the products attracting great interest in the market, the Bank pioneered the sector and many banks started to offer Inflation-Indexed deposit products. At the end of September 2019, inflation indexed - interest protected accounts reached TL 26.7 billion with 247 thousands customers and inflation-protected accounts reached TL 1.85 billion with 24 thousands customers.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

VIII. Economic Outlook in the World and Turkey

In the third quarter of 2019, more expansionary monetary and fiscal policies have been observed due to increasing concerns for slowdown in global economy.

Concerns over international trade determined by US-China trade talks, political developments in the Euro Zone, especially uncertainties pertaining to Brexit, and Hong Kong protests have been agenda items of the third quarter.

For the first time after 11 years, Fed has made two consecutive rate cuts in the third quarter in order to ensure sustainable economic growth in the United States. Contribution of net exports has been negative in the U S economy due to trade tensions and the growth has stemmed by consumer spending in the second quarter. Moderate inflation trend in the US provides Fed with room for further manoeuvring for rate cuts. Fed, which compares the current period to the 90s during which it made three rate cuts in order to sustain the economy activity, cut the rates by a further 25 bps in October. On the other hand, Fed also signalled that it would stop rate cuts in case there are no remarkable positive changes in the economic outlook.

Euro Zone seems to have experienced a quarter where weaknesses in manufacturing sector are also reflected on services sector. Germany`s export based economy is among the economies who suffered the worst due to the protectionist policies during this quarter. Deal or no-deal Brexit scenarios significantly affect both the global markets and the UK`s domestic politics. Resignation of the prime minister of Italy and the fact that Spain will go through two general elections within one year exacerbates political risks in the region. In light of these developments, the ECB has deepened the negative deposit rates policy and reinitiated bond purchases.

Even though progress has been made on the US-China trade negotiations which have been ongoing for 1.5 years, the final agreement has not been reached yet. In case of ongoing protectionist policies, economies which have been exposed to pressures on net exports may start to see challenges in domestic demand as well. In line with continuing risks, international institutions such as OECD, IMF and World Bank have revised their global economic growth estimations downwards while revising Turkey`s economic growth expectations upwards.

In the last quarter, oil prices have been under pressure due to supply concerns. Despite that, calming worries over Saudi oil supply and emerging concerns over demand, Brent oil`s barrel price has declined by 9% quarter on quarter.

It is being observed that the outcomes of the third quarter of 2019 have been positive both in terms of TL assets as well as macroeconomic framework. While there has been moderate recovery in GDP growth, significant improvement was achieved in Current Account Balance and inflation. BIST 100 index has increased by 9% in the quarter. With the downward trend in inflation, Turkey`s risk premiums have also receded by 40 bps. Although some geopolitical risks seem to have come forward at the beginning of the fourth quarter, TL assets have maintained their resistance.

Economy Management have announced the roadmap for the next three years with the motto of “The Change is beginning”. A new economic program has been put into effect which aims to quickly reassess the potential growth rates with the help of base effect, continue the disinflationary trend and maintain the moderate budget deficit and current account levels.

In the third quarter, inflation improved by 6,5 points with the support of high base effect and this provided CBRT with room for a looser monetary policy stance. During the period, weak demand and positive developments in food prices have also contributed to lower inflation expectations by the year- end. Inflation is estimated to stay in single digit levels in September and October and reach around 12% by the year-end.

In the last quarter, the Central Bank makes the strong interest rate cut by 750 basis points in total by taking advantages of the stability and disinflation process. In this context, the central Bank cuts interest rates by another 250 basis points in October. After using the area in its monetary policy in a preloaded manner. The Central Bank is expected to pursue a more moderate policy for the rest of the year by taking into account the geopolitical developments.

Turkish economy has experienced a moderate recovery period in the first half of 2019 especially with the help of ongoing contribution of net exports. Improvements in financial conditions are expected to have a clearer positive reflection on loan markets in the last quarter. Therefore, considering the lagging effect of rate cuts, private consumption may begin to have a limited positive effect on economic growth in the last quarter. In light of these events, considering the low base in the last quarter, it can be expected to complete the year with a slight positive growth figure.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

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

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

VIII. Economic Outlook in the World and Turkey (Continued)

Exports kept increasing in the third quarter with the help of moderate GDP growth’s limiting effect on imports and FX rates conducive to competition. With the help of positive trend in tourism, there was a cumulative surplus in the current account balance for the first time in 17 years. The current account balance which resulted a USD 27 billion deficit last year is expected to be around zero at the year end. Even though there has been a limited slowdown in Turkey’s exports to the EU countries, trade was stronger with other countries and the positive trend in exports has continued. Turkey aims to compensate the weakening in the EU by diversifying its commercial relations with 17, primarily African, target countries

In the passing period, despite the increase in spending, with the help of other income sources, budget deficit/GDP ratio stayed below 3% which is the Maastricht criteria. Within the New Economic Programme, fiscal policies are expected to support growth in the next two years and especially consumption based taxes are expected to improve with the recovering economy.

The New Economic Program launched basically aims to improve energy efficiency, focus on less energy intensive sectors and the ones creating high value exports, and establish a growth model which will allow growing without generating current account deficit and to reach potential and sustainable economic growth.