

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

Türkiye Cumhuriyeti Ziraat Bankası

Anonim Şirketi

Unconsolidated Financial Statements
As of and For the Three Month Period Ended 31 March 2019
With Independent Auditors' Review Report Thereon
*(Convenience Translation of Unconsolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)*

14 May 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 accompanying unconsolidated statements of financial position of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. (the "Bank") as at 31 March 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 and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial information for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of these interim financial information in accordance with the "Banking Regulation and Supervision Agency (BRSA) Accounting and Reporting Legislation" which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and Turkish Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by afore-mentioned legislations. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

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

Basis for the Qualified Conclusion

As mentioned in Section Five II. Note 9.3 of Explanations and Notes to the Unconsolidated Financial Statements, the accompanying unconsolidated interim financial information as of 31 March 2019 include general provision of total TL 952.000 thousands, that had been fully recognized as expense in prior periods, which is provided by the Bank management for the possible effects of the negative circumstances which may arise in economy or market conditions. Mentioned general provision is provided by the Bank management for the possible effects of the negative circumstances which may arise in economy or market.

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 31 March 2019, and its unconsolidated financial performance and its cash flows for the three-month period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

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

Erdal Tıkmak, SMMM
Partner

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



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

**THE UNCONSOLIDATED FINANCIAL REVIEW REPORT OF
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 31 MARCH 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 three months includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency.

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

The accompanying unconsolidated financial statements and notes to these financial statements for three 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
V.	Summary information on the Bank's activities and services	2
VI.	Differences Between The Communique On Preparation Of Consolidated Financial Statements Of Banks And Turkish Accounting Standards And Short Explanation About The Entities Subject To Full Consolidation Or Proportional Consolidation And Entities Which Are Deducted From Equity Or Entities Which Are Not Included In These Three Methods	2
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	2

SECTION TWO
Current Period Unconsolidated Financial Statements

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

SECTION THREE
Explanations on Accounting Policies

I.	Basis of presentation	13
II.	Explanations on strategy of using financial instruments and foreign currency transactions	14
III.	Explanations on investments in associates, subsidiaries and joint ventures	15
IV.	Explanations on forward transactions, options and derivative instruments	15
V.	Explanations on interest income and expense	15
VI.	Explanations on fee and commission income and expense	15
VII.	Explanations on financial assets	16
VIII.	Explanations on impairment of financial assets	17
IX.	Explanations on offsetting of financial instruments	19
X.	Explanations on sales and repurchase agreements and securities lending transactions	20
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	20
XII.	Explanations on goodwill and other intangible assets	21
XIII.	Explanations on tangible assets	21
XIV.	Explanations on leasing transactions	22
XV.	Explanations on provisions, contingent asset and liabilities	22
XVI.	Explanations on obligations related to employee rights	23
XVII.	Explanations on taxation	25
XVIII.	Explanations on borrowings	27
XIX.	Explanations on issuance of share certificates	27
XX.	Explanations on avalized drafts and acceptances	27
XXI.	Explanations on government grants	27
XXII.	Cash and cash equivalents	27
XXIII.	Explanations on segment reporting	27
XXIV.	Explanations on other matters	27

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

I.	Explanations on the components of shareholders' equity	28
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 income 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 Independent Auditors' Review Report

I.	Explanations on Auditors' 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
----	---	----

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2019
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

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

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

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

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

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

Name	Administrative Function
Members of the Board of Directors	
Dr. Ahmet GENÇ	Chairman
Hüseyin AYDIN	CEO and Member
Yusuf DAĞCAN	Vice Chairman and Member
Cemalettin BAŞLI	Member
Feyzi ÇUTUR	Member
Metin ÖZDEMİR	Member
Mahmut KAÇAR	Member
Salim ALKAN	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

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKiYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 conservative transactions, such as; acquiring limited real and personal claims like all kinds of movable and immovable goods, industrial and intellectual properties, right of usufruct, easement, superficies and disposing and transferring acquired properties and rights, placing pledge and mortgage on those properties and rights, releasing pledged and mortgaged items and declaring leasing agreements and sale commitments to the Registry Office.

As of 31 March 2019, Bank carries its activities with a grand total of 1.766 branches; 1.743 domestic branches including 19 corporate branches, 75 entrepreneurial branches, 1.644 branches and 5 mobile branches (31 December 2018: 1.750 domestic branches including 1.638 branches, 20 corporate branches, 87 entrepreneurial branches, 5 mobile branches) and 23 branches abroad London branch in England, Baghdad and Arbil branches in Iraq, Athens, Komotini, and Xanthi branches in Greece, Sofia, Plovdiv, Kardzhali and Varna branches in Bulgaria, Jeddah branch in Saudi Arabia, Pristina, Prizren and Peja branch in Kosovo, Bahrain branch in Bahrain, Lefkoşa, Girne, Güzelyurt, Gazimağusa, Gönyeli, Taşkinköy, Karaoğlanoğlu and İskele branches in Turkish Republic of Northern Cyprus. The Bank also has 1 representative office in Tehran, Iran. The Bank's number of employee is 24.650 (31 December 2018: 24.647).

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

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

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

All other subsidiaries are fully consolidated.

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

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 MARCH 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 31 March 2019			Prior Period 31 December 2018		
		TL	FC	Total	TL	FC	Total
I- FINANCIAL ASSETS (NET)		66.224.236	78.993.993	145.218.229	63.165.314	70.226.928	133.392.242
1.1 Cash and Cash Equivalents		6.548.494	45.457.668	52.006.162	5.688.933	40.547.786	46.236.719
1.1.1. Cash and Balances with Central Bank	(1)	5.506.697	42.258.787	47.765.484	4.824.521	35.667.113	40.491.634
1.1.2 Banks	(4)	846.310	3.199.647	4.045.957	865.081	4.881.130	5.746.211
1.1.3 Receivables from Money Markets		199.990	-	199.990	-	-	-
1.1.4 Allowance for Expected Credit Losses (-)		4.503	766	5.269	669	457	1.126
1.2 Financial Assets Measured at Fair Value Through Profit or Loss	(2)	493.274	6.602.648	7.095.922	501.172	6.230.452	6.731.624
1.2.1 Government Securities		493.274	6.242.131	6.735.405	501.172	5.892.281	6.393.453
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	360.517	360.517	-	338.171	338.171
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income	(5),(6)	56.550.137	26.201.880	82.752.017	55.426.682	22.960.841	78.387.523
1.3.1 Government Securities		56.314.280	25.736.638	82.050.918	55.241.367	22.570.485	77.811.852
1.3.2 Equity Securities		123.221	317.889	441.110	120.095	249.956	370.051
1.3.3 Other Financial Assets		112.636	147.353	259.989	65.220	140.400	205.620
1.4 Derivative Financial Assets	(3)	2.632.331	731.797	3.364.128	1.548.527	487.849	2.036.376
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit or Loss		2.632.331	731.797	3.364.128	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)		280.240.452	131.164.167	411.404.619	257.237.375	123.962.374	381.199.749
2.1 Loans	(7)	283.694.376	126.931.284	410.625.660	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)	5.486.818	4.267.586	9.754.404	5.404.610	4.850.029	10.254.639
2.4.1 Government Securities		5.335.844	4.266.214	9.602.058	5.207.791	4.848.753	10.056.544
2.4.2 Other Financial Assets		150.974	1.372	152.346	196.819	1.276	198.095
2.5 Allowance for Expected Credit Losses (-)		8.940.742	34.703	8.975.445	8.354.542	31.424	8.385.966
III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)	(15)	1.554.174	-	1,554.174	1,225.389	-	1,225.389
3.1 Held for Sale		1,554.174	-	1,554.174	1,225.389	-	1,225.389
3.2. Held from Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		4,383.262	3,317.164	7,700.426	4,380.385	3,222.928	7,603.313
4.1 Investments in Associates (Net)	(9)	97.789	-	97.789	94.912	-	94.912
4.1.1. Associates Accounted by Using Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		97.789	-	97.789	94.912	-	94.912
4.2 Subsidiaries (Net)	(10)	4,285.473	3,209,408	7,494,881	4,285,473	3,115,172	7,400,645
4.2.1 Unconsolidated Financial Subsidiaries		4,279,236	3,209,408	7,488,644	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)	5,667,365	17,764	5,685,129	5,032,628	12,574	5,045,202
VI. INTANGIBLE ASSETS (Net)		643,305	11,142	654,447	597,576	11,817	609,393
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		643,305	11,142	654,447	597,576	11,817	609,393
VII. INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		748	-	748	52,297	-	52,297
IX. DEFERRED TAX ASSET		2,496,391	-	2,496,391	1,545,993	-	1,545,993
X. OTHER ASSETS (Net)	(20)	2,435,742	2,227,135	4,662,877	3,490,657	2,991,892	6,482,549
TOTAL ASSETS		363,645,675	215,731,365	579,377,040	336,727,614	200,428,513	537,156,127

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 MARCH 2019

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

I- BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five I)	Current Period 31 March 2019			Prior Period 31 December 2018		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	(1)	191.232.221	191.201.545	382.433.766	178.236.637	152.829.846	331.066.483
II. FUNDS BORROWED	(3)	2.067.057	33.836.869	35.903.926	2.668.613	31.503.040	34.171.653
III. MONEY MARKET FUNDS	(4)	40.530.296	19.166.498	59.696.794	55.960.316	12.390.480	68.350.796
IV. SECURITIES ISSUED (Net)	(5)	2.623.454	13.518.254	16.141.708	2.817.528	12.612.940	15.430.468
4.1 Bills		1.612.764	188.009	1.800.773	1.806.838	106.896	1.913.734
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		1.010.690	13.330.245	14.340.935	1.010.690	12.506.044	13.516.734
V. FUNDS		6.087.025	-	6.087.025	6.073.748	-	6.073.748
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		6.087.025	-	6.087.025	6.073.748	-	6.073.748
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)	377.682	1.271.690	1.649.372	1.156.322	487.170	1.643.492
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		377.682	1.271.690	1.649.372	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)	499.624	72.390	572.014	-	221	221
X. PROVISIONS	(9)	2.968.525	85.603	3.054.128	2.750.935	80.626	2.831.561
10.1 General Loan Loss Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		1.507.180	-	1.507.180	1.312.520	-	1.312.520
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		1.461.345	85.603	1.546.948	1.438.415	80.626	1.519.041
XI. CURRENT TAX LIABILITY	(10)	1.363.767	2.068	1.365.835	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)	-	-	-	-	-	-
14. Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	(6)	6.251.376	10.473.004	16.724.380	8.094.847	10.624.770	18.719.617
XVI. SHAREHOLDERS' EQUITY	(13)	59.214.357	(3.466.265)	55.748.092	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		(515)	-	(515)	(483)	-	(483)
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		(515)	-	(515)	(483)	-	(483)
16.3. Other Accumulated Comprehensive Income that Will not be Reclassified in Profit or Loss		5.622.840	418.609	6.041.449	5.505.954	206.516	5.712.470
16.4. Other Accumulated Comprehensive Income that Will be Reclassified in Profit or Loss		(5.506.188)	(3.884.874)	(9.391.062)	(3.637.328)	(2.792.581)	(6.429.909)
16.5 Profit Reserves		37.184.080	-	37.184.080	37.320.380	-	37.320.380
16.5.1 Legal Reserves		4.026.361	-	4.026.361	4.026.361	-	4.026.361
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		33.157.719	-	33.157.719	31.732.384	-	31.732.384
16.5.4 Other Profit Reserves		-	-	-	1.561.635	-	1.561.635
16.6 Profit or (Loss)		15.814.140	-	15.814.140	14.698.936	-	14.698.936
16.6.1 Prior Periods' Profit or (Loss)		14.712.319	-	14.712.319	6.737.998	-	6.737.998
16.6.2 Current Period Profit or (Loss)		1.101.821	-	1.101.821	7.960.938	-	7.960.938
TOTAL LIABILITIES AND EQUITY		313.215.384	266.161.656	579.377.040	319.208.821	217.947.306	537.156.127

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

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

IV. STATEMENT OF PROFIT OR LOSS	Note	Current Period	Prior Period
INCOME AND EXPENSE ITEMS	(Section Five I)	1 January-31 March 2019	1 January-31 March 2018
I. INTEREST INCOME	(1)	15.584.321	10.068.552
1.1 Interest on Loans		12.198.137	8.275.979
1.2 Interest Received from Reserve Deposits		144.292	115.090
1.3 Interest Received from Banks		90.633	43.623
1.4 Interest Received from Money Market Transactions		11	9.791
1.5 Interest Received from Marketable Securities Portfolio		3.098.280	1.599.898
1.5.1 Financial Assets at Fair Value Through Profit or Loss		2.419	335
1.5.2 Financial Assets at Fair Value through Other Comprehensive Income		2.761.232	1.456.518
1.5.3 Financial Assets Measured at Amortized Cost		334.629	143.045
1.6 Financial Lease Interest Income		-	-
1.7 Other Interest Income		52.968	24.171
II. INTEREST EXPENSE (-)	(2)	10.662.435	5.432.877
2.1 Interest on Deposits		7.199.365	3.534.130
2.2 Interest on Funds Borrowed		366.576	240.399
2.3 Interest on Money Market Transactions		2.701.693	1.376.443
2.4 Interest on Securities Issued		282.488	229.147
2.5 Financial Lease Interest Expenses		19.542	4
2.6 Other Interest Expenses		92.771	52.754
III. NET INTEREST INCOME (I - II)		4.921.886	4.635.675
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		821.604	615.975
4.1 Fees and Commissions Received		1.253.260	749.911
4.1.1 Non-cash Loans		214.558	137.381
4.1.2 Other		1.038.702	612.530
4.2 Fees and Commissions Paid		431.656	133.936
4.2.1 Non-cash Loans		370	121
4.2.2 Other		431.286	133.815
V. DIVIDEND INCOME		7.310	2.028
VI. TRADING INCOME /(LOSS) (Net)	(3)	(1.419.916)	(577.508)
6.1 Profit/Losses from Capital Market Transactions		1.135	1.535
6.2 Profit/Losses from Derivative Financial Transactions		(1.590.902)	(450.032)
6.3 Foreign Exchange Profit/Losses		169.851	(129.011)
VII. OTHER OPERATING INCOME	(4)	447.728	433.596
VIII. GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		4.778.612	5.109.766
IX. ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	(5)	974.925	1.027.950
X. OTHER PROVISION EXPENSES (-)		197.927	130.016
XI. PERSONNEL EXPENSE (-)		832.854	704.122
XII. OTHER OPERATING EXPENSES (-)	(6)	1.349.607	995.685
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X)		1.423.299	2.251.993
XIV. SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-
XVI. INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)	(7)	1.423.299	2.251.993
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(8)	(321.478)	(521.932)
18.1 Current Tax Provision		(496.757)	(694.169)
18.2 Expense Effect of Deferred Tax (+)		(1.297.826)	(327.807)
18.3 Income Effect of Deferred Tax (-)		1.473.105	500.044
XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)	(9)	1.101.821	1.730.061
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		-	-
XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)		-	-
XXIII. 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+XXIII)	(10)	1.101.821	1.730.061
Earnings/(Loss) per share (in TL full)		0,181	0,309

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTH PERIOD ENDED 31 MARCH 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-31 March 2019	Prior Period 1 January-31 March 2018
I.	CURRENT PERIOD PROFIT/LOSS	1.101.821	1.730.061
II.	OTHER COMPREHENSIVE INCOME	(2.768.474)	(949.966)
2.1	Other Comprehensive Income That Will Not be Reclassified to Profit or Loss	192.679	(33.931)
2.1.1	Property and Equipment Revaluation Increase/Decrease	(16.983)	(37.324)
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	-	-
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	253.904	-
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(44.242)	3.393
2.2	Other Comprehensive Income That Will be Reclassified to Profit or Loss	(2.961.153)	(916.035)
2.2.1	Foreign Currency Translation Differences	-	7.989
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(3.612.607)	(1.127.309)
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	651.454	203.285
III.	TOTAL COMPREHENSIVE INCOME (I+II)	(1.666.653)	780.095

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE MONTH PERIOD ENDED 31 MARCH 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 31 March 2018														
I. Balance at the beginning of the period	5.600.000	-	-	(252)	3.858.888	(119.482)	-	869.944	(817.038)	17.388	29.660.259	7.940.121	-	47.009.828
II. Adjustment in accordance with TMS 8	-	-	-	-	-	-	-	-	2.402	-	-	5.518.877	-	5.521.279
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	2.402	-	-	5.518.877	-	5.521.279
III. New balance (I+II)	5.600.000	-	-	(252)	3.858.888	(119.482)	-	869.944	(814.636)	17.388	29.660.259	13.458.998	-	52.531.107
IV. Total comprehensive income (loss)	-	-	-	-	(33.931)	-	-	7.989	(924.024)	-	-	-	1.730.061	780.095
V. Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issued capital inflation adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) through other changes, equity	-	-	-	(111)	-	-	-	-	-	-	-	-	-	(111)
XI. Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the End of the Period (III+IV+.....+X+XI)	5.600.000	-	-	(363)	3.824.957	(119.482)	-	877.933	(1.738.660)	17.388	29.660.259	13.458.998	1.730.061	53.311.091

1. Tangible and Intangible Assets Revaluation Reserve

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

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

4. Exchange Differences on Translation

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE MONTH PERIOD ENDED 31 MARCH 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 31 March 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 TMS 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)	-	-	-	-	(15.439)	-	208.118	-	(2.961.153)	-	-	-	1.101.821	(1.666.653)
V. Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase through internal reserves Issued capital inflation adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase (decrease) through other changes, equity	-	-	-	(32)	136.300	-	-	-	-	(136.300)	13.383	-	-	13.351
XI. Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the End of the Period (III+IV+.....+X+XI)	6.100.000	-	-	(515)	3.881.599	(57.499)	2.217.349	-	(9.391.062)	-	37.184.080	14.712.319	1.101.821	55.748.092

1. Tangible and Intangible Assets Revaluation Reserve

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

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

4. Exchange Differences on Translation

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE THREE MONTH PERIOD ENDED 31 MARCH 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-31 March 2019	Prior Period 1 January-31 March 2018
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		(1.973.510)	1.354.786
1.1.1 Interest Received		9.400.012	9.001.192
1.1.2 Interest Paid		(9.132.763)	(4.510.589)
1.1.3 Dividend Received		1.494	2.028
1.1.4 Fees and Commissions Received		1.248.195	744.344
1.1.5 Other Income		441.849	413.593
1.1.6 Collections from Previously Written-off Loans and Other Receivables		432.600	253.050
1.1.7 Cash Payments to Personnel and Service Suppliers		(955.082)	(800.746)
1.1.8 Taxes Paid		(789.190)	(291.921)
1.1.9 Other		(2.620.625)	(3.456.165)
1.2 Changes in Operating Assets and Liabilities		8.867.834	1.157.780
1.2.1 Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		(367.144)	(15.391)
1.2.2 Net (increase) / decrease in due from banks and other financial institutions		(6.578.536)	(5.163.712)
1.2.3 Net (increase) / decrease in loans		(25.835.276)	(13.301.953)
1.2.4 Net (increase) / decrease in other assets		(431.828)	(1.249.591)
1.2.5 Net increase / (decrease) in bank deposits		(2.269.727)	3.701.227
1.2.6 Net increase / (decrease) in other deposits		44.412.939	11.941.257
1.2.7 Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss		5.880	20.003
1.2.8 Net increase / (decrease) in funds borrowed		1.685.043	3.274.819
1.2.9 Net increase / (decrease) in payables		-	-
1.2.10 Net increase / (decrease) in other liabilities		(1.753.517)	1.951.121
I. Net Cash Provided from Banking Operations		6.894.324	2.512.566
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II. Net Cash Provided from Investing Activities		(8.033.814)	(4.154.299)
2.1 Cash paid for acquisition of investments, associates and subsidiaries		-	(500.000)
2.2 Cash obtained from disposal of investments, associates and subsidiaries		-	-
2.3 Purchases of tangible assets		(593.131)	(9.665)
2.4 Disposals of tangible assets		71.549	57.657
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(11.564.534)	(6.231.320)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		4.264.228	1.841.855
2.7 Purchase of Financial Assets Measured at Amortized Cost		(50.582)	(66.448)
2.8 Sale of Financial Assets Measured at Amortized Cost		845.676	984.630
2.9 Other		(1.007.020)	(231.008)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		267.354	432.597
3.1 Cash Obtained from Funds Borrowed and Securities Issued		9.025.957	8.425.667
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(8.758.603)	(7.993.070)
3.3 Issued Equity Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		676.085	337.837
V. Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)		(196.051)	(871.299)
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		23.193.678	12.144.380

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements”, published in the Official Gazette No. 30673, dated 01 February 2019, prior period financial statements are aligned with latest financial statement format.

Changes in Accounting Policies

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2019

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

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued)

Changes in Accounting Policies (Continued)

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

TFRS 16 Leases Standard Transition Effect

	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

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

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

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

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

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

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 operating abroad in foreign currency are followed by their fair values. For these subsidiaries, fair value is determined by valuation reports, equivalents of investments related to subsidiaries are fixed as of revaluation date and revaluation differences added to subsidiaries' values are recognized under shareholders' equity.

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

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

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

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

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

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

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

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

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2019

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

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

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

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

Classification and Measurement within the Scope of TFRS 9

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

- The business model used by the entity for the management of financial assets,
- Properties of contractual cash flows of a financial asset.

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

Financial assets at fair value through profit or loss

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

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

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

Financial Assets at Fair Value Through Other Comprehensive Income

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2019

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

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

Financial Assets at Fair Value Through Other Comprehensive Income

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

Financial Assets Measured at Amortized Cost

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

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

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

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

Loans

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

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

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Explanations on Expected Loss Provisions

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2019

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

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

Impairment

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

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

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

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

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

12 Month Expected Credit Losses (Stage 1)

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

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

Significant Increase in Credit Risk (Stage 2)

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

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

Credit-Impaired Losses (Stage 3 / Specific Provision)

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 / Specific Provisions) (Continued)

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

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

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

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

Probability of Default

Probability of default refers to the likelihood that a loan will default at a certain time. In Default Probability models, sectoral information for the corporate portfolio and product information for the individual portfolio are taken as the basis

Default Amount

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

Loss Given Default

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

Future Expectations

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

The Methodology of Behavioral Maturity Calculation

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

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 Reverse Repurchase Agreements” on the balance sheet and interest income accrual is calculated using internal rate of return method.

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

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

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

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 at the balance sheet date, the Bank has no goodwill within the financial statements.

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

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

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

XIII. EXPLANATIONS ON TANGIBLE ASSETS

Tangible assets are measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. As of 31 January 2014 the Bank has changed its accounting policies and has decided to pursue the real estates registered in its portfolio at fair values. In this context, for all real estates registered in the Bank’s inventory, appraisal study was carried by independent expertise companies, and from 31 December 2016 valuation results are reflected in the accounting records. As a result of the fair valuation of the real estates, TL 3.760.738 net is followed under shareholders’ equity as of 31 March 2019. As of 30 January 2014, the net book amount of real estates of the tangible assets before valuation was TL 816.950.

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

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

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

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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

Operational Leases in Accordance with TFRS 16

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

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

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

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

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

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

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

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

XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 LIABILITIES FOR EMPLOYEE RIGHTS

Employment Termination and Vacation Benefits

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

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

The Bank uses independent actuaries in determining liability, and also makes assumptions about issues such as discount rate and inflation. These assumptions are reviewed on an sixth month basis. As of 31 March 2019, retirement benefit obligation is TL 871.353 (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, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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

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

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

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

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

Taxes which does not accrue on time because the applying exemption for the transfer of the expemted 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, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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. (It was changed with 89th article of code 7061 that entries into force in 5 December 2017. According to 3rd article of Corporation Tax Code (CTC) 14 annunciation dated 23 December 2017 this exemption will apply as ratio of 75% for selling that made till the 5 December 2017, after this date it will apply as ratio of 50%.)

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

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

Deferred Tax

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

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

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

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 accounts its debt instruments in accordance with TFRS 9 “Financial Instruments” In the following periods, all financial liabilities are carried at amortized cost by using effective interest rate method. The Bank has no borrowings that require hedging techniques for accounting and revaluation of debt instruments and liabilities representing the borrowings.

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

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

XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

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

XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

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

XXI. EXPLANATIONS ON GOVERNMENT GRANTS

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

XXII. CASH AND CASH EQUIVALENTS

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

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

XXII. EXPLANATIONS ON SEGMENT REPORTING

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

XXIV. EXPLANATIONS ON OTHER MATTERS

None.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 31 March 2019 Bank’s total capital has been calculated as TL 59.459.689 (31 December 2018: TL 61.008.521), capital adequacy ratio is 13,17% (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 31 March 2019	Amount as per the regulation before 1/1/2014*
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	37.184.080	-
Gains recognized in equity as per TAS	5.943.055	-
Profit	15.814.140	-
Current Period Profit	1.101.821	-
Prior Period Profit	14.712.319	-
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	65.058.663	-
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	9.310.570	-
Improvement costs for operating leasing	34.538	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	654.448	654.448
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 31 March 2019	Amount as per the regulation before 1/1/2014*
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions from Common Equity Tier I Capital	9.999.556	-
Total Common Equity Tier I Capital	55.059.107	-
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 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	-	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	55.059.107	-
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)	4.548.290	-
Tier II Capital Before Deductions	4.548.290	-
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	4.548.290	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	59.607.397	-

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 31 March 2019	Amount as per the regulation before 1/1/2014*
Total Capital (The sum of Tier I Capital and Tier II Capital)	59.607.397	-
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 (-)	147.708	-
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)	59.459.689	-
Total Risk Weighted Assets	451.469.131	-
CAPITAL ADEQUACY RATIOS		
CET 1 Capital Ratio (%)	12,20	-
Tier I Capital Ratio (%)	12,20	-
Capital Adequacy Ratio (%)	13,17	-
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 (%)	0,021	-
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	4,20	-
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	177.902	-
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	86.397	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	2.496.391	-
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)	4.548.290	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	4.548.290	-
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, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 1/1/2014*
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, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 1/1/2014*
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
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, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 1/1/2014*
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 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)	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 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, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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. 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	55.748.092	57.401.394
Operational Leasing Development Costs	(34.538)	(39.634)
Goodwill and Other Intangible Assets and Related Deferred Taxes Liabilities	(654.448)	(609.393)
TIER I Capital (Provisions)	4.548.290	4.258.026
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	-
Other deductions from common equity	(147.708)	(1.871)
Amount recognized in regulatory capital	59.459.689	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
25.03.2019	5,5562	6,2901	3,9454	0,8429	0,6022		4,1384	0,6506	7,3353	1,4817	5,0492
26.03.2019	5,4423	6,1454	3,8858	0,8232	0,5898		4,0662	0,6379	7,1969	1,4513	4,9225
27.03.2019	5,3779	6,0507	3,8065	0,8106	0,5802		4,0095	0,6236	7,1004	1,4341	4,8726
28.03.2019	5,5031	6,1816	3,8973	0,8282	0,5914		4,1055	0,6369	7,2041	1,4674	4,9730
29.03.2019	5,5886	6,2699	3,9573	0,8402	0,6027		4,1828	0,6478	7,2607	1,4902	5,0430
31.03.2019	5,5886	6,2699	3,9573	0,8402	0,6027		4,1828	0,6478	7,2607	1,4902	5,0430

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
5,4392	6,1435	3,8510	0,8234	0,5853	5,4396	4,0719	0,6320	7,1593	1,4504	4,8957

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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	19.244.438	13.544.375	9.469.972	42.258.785
Banks	1.073.812	1.465.803	659.268	3.198.883
Financial Assets at Fair Value Through Profit and Loss	2.185.191	4.417.457	-	6.602.648
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	6.335.887	19.778.902	87.091	26.201.880
Loans ⁽²⁾	48.631.174	78.636.623	141.938	127.409.735
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures) ⁽⁴⁾	2.168.800	1.148.364	-	3.317.164
Financial Assets Measured at Amortised Cost	947.281	3.319.471	834	4.267.586
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	10.835	530	6.399	17.764
Intangible Assets	3.724	-	7.418	11.142
Other Assets ⁽⁶⁾	1.523.349	681.111	18.151	2.222.611
Total Assets⁽⁵⁾⁽⁷⁾	82.124.491	122.992.636	10.391.071	215.508.198
Liabilities				
Interbank Deposits	10.379.867	10.016.503	210.580	20.606.950
Foreign Currency Deposits	91.747.637	65.625.467	13.221.491	170.594.595
Money Market Borrowings	-	19.166.498	-	19.166.498
Funds Provided from Other Financial Institutions	10.532.240	23.304.005	624	33.836.869
Issued Marketable Securities	-	13.395.825	122.429	13.518.254
Sundry Creditors	2.407.470	125.216	631.345	3.164.031
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	2.683.527	4.723.315	62.192	7.469.034
Total Liabilities	117.750.741	136.356.829	14.248.661	268.356.231
Net Balance Sheet Position	(35.626.250)	(13.364.193)	(3.857.590)	(52.848.033)
Net Off-Balance Sheet Position⁽³⁾	37.761.286	1.301.041	4.248.634	43.310.961
Financial Derivative Assets	42.543.667	59.098.289	5.118.084	106.760.040
Financial Derivative Liabilities	4.782.381	57.797.248	869.450	63.449.079
Non-Cash Loans	34.593.464	45.092.320	6.841.899	86.527.683
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⁾ Of the foreign currencies presented in the other FC column of assets 89,33% is Gold 3,85% is GBP, 2,71% is IQD, 1,96% is SAR, and the remaining 2,15% is other foreign currencies. Of the foreign currencies presented in the other FC column of liabilities, 68,27% is Gold, 13,99% is GBP, 5,87% is SAR, 5,76% is CHF, 2,18% is DKK, and the remaining 3,93% 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 356.479 equivalent of USD, and TL 156.675 equivalent of EUR loans are originated as foreign currency indexed loans (31 December 2018: TL 391.257 equivalent of USD, and TL 228.942 equivalent of EUR)

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

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

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

⁶⁾ Prepaid expenses in other assets amounting to TL 4.524 are not included in the table.

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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	26.021.965	-	-	-	-	21.743.024	47.764.989
Banks	2.271.241	60.986	5.905	-	-	1.703.050	4.041.182
Financial Assets at Fair Value Through Profit and Loss	23	5	27.903	836.410	207.423	6.024.158	7.095.922
Money Market Placements	199.990	-	-	-	-	-	199.990
Financial Assets at Fair Value Through Other Comprehensive Income	3.773.635	11.076.168	24.594.749	19.892.610	22.724.739	690.116	82.752.017
Loans Given ⁽³⁾	131.489.454	38.066.604	78.172.378	129.485.231	21.983.408	2.454.456	401.651.531
Financial Assets Measured at Amortised Cost	1.043.206	134.430	3.336.032	1.657.451	3.581.969	-	9.753.088
Other Assets ⁽²⁾	470.525	1.182.884	360.196	1.041.689	379.118	22.683.909	26.118.321
Total Assets ⁽¹⁾⁽⁵⁾	165.270.039	50.521.077	106.497.163	152.913.391	48.876.657	55.298.713	579.377.040
Liabilities							
Interbank Deposits	22.062.404	6.231.774	576.609	-	-	3.182.104	32.052.891
Other Deposits	167.811.427	50.290.608	37.274.711	1.013.554	-	93.990.575	350.380.875
Money Market Borrowings	51.670.103	1.847.981	5.663.795	514.915	-	-	59.696.794
Sundry Creditors	-	-	-	-	-	6.847.120	6.847.120
Issued Marketable Securities	939.596	896.274	4.379.418	9.926.420	-	-	16.141.708
Funds Provided from Other Financial Institutions	14.654.392	5.154.193	9.338.635	5.757.514	999.192	-	35.903.926
Other Liabilities ⁽⁴⁾	1.293.130	240.535	237.749	2.120.432	4.416.565	70.045.315	78.353.726
Total Liabilities ⁽¹⁾	258.431.052	64.661.365	57.470.917	19.332.835	5.415.757	174.065.114	579.377.040
Balance Sheet Long Position	-	-	49.026.246	133.580.556	43.460.900	-	226.067.702
Balance Sheet Short Position	(93.161.013)	(14.140.288)	-	-	-	(118.766.401)	(226.067.702)
Off-Balance Sheet Long Position	47.571	1.378.685	-	-	-	-	1.426.256
Off-Balance Sheet Short Position	-	-	(147.266)	(650.812)	-	-	(798.078)
Total Position	(93.113.442)	(12.761.603)	48.878.980	132.929.744	43.460.900	(118.766.401)	628.178

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

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

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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
Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	8.849.807	8.341.822	18.668.696	19.927.493	21.937.049	662.656	78.387.523
Loans Given ⁽⁴⁾	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 ⁽³⁾	404.550	1.297.606	311.015	81.474	10.437	22.495.430	24.600.512
Total Assets ⁽¹⁾	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 ⁽²⁾⁽⁵⁾	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 “Up to 1 Month” and “Non-Interest Bearing” columns.

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

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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⁾	-	2,00	-	13,00
Banks	1,50	2,45	-	22,69
Financial Assets Measured at Fair Value Through Profit or Loss	2,22	5,20	-	14,99
Money Market Placements	-	-	-	20,50
Financial Assets Measured at Fair Value Through Other Comprehensive Income	4,69	5,80	-	13,75
Loans Given ⁽²⁾	4,99	7,38	5,30	15,38
Financial Assets Measured at Amortised Cost	6,63	7,39	-	17,73
Liabilities				
Interbank Deposits ⁽³⁾	0,53	2,61	-	22,72
Other Deposits ⁽⁴⁾	1,10	2,07	-	13,31
Money Market Borrowings	-	3,64	-	25,64
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	4,76	1,50	19,20
Funds Provided from Other Financial Institutions	1,42	3,82	-	20,15

⁽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⁾ Rates include also demand deposit data.

	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 ⁽⁴⁾	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.

⁽⁴⁾ Rates include also demand deposit data.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 ^(*)	147.523	147.523	-

^(*)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 147.523 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, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 are sustained. Moreover, within the diversification strategy of resources strategy, long-term and appropriate costed non-deposit are 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, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 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 154,13% in the week of 4 January 2019; and for the total 88,98% in the week of 29 March 2019. As for the highest ratios take place for FC as 363,38% in the week of 22 February 2019 and for the total as 115,06 % in the week of 25 January 2019 (31 December 2018: Within the last 3 months the unconsolidated lowest ratios are as follows: Take place for FC as 95,72% in the week of 5 October 2018; and for the total 65,82% in the week of 5 October 2018. As for the highest ratios take place for FC as 127,68% in the week of 23 November 2018 and for the total as 88,10 % in the week of 21 December 2018).

	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TP+YP	YP	TP+YP	YP
Current Period				
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			73.519.803	46.734.031
CASH OUTFLOWS				
Retail and Small Business Customers, of which;	232.688.681	108.460.765	19.802.987	10.846.077
Stable deposits	69.317.635	-	3.465.882	-
Less stable deposits	163.371.046	108.460.765	16.337.105	10.846.077
Unsecured wholesale funding, of which;	118.582.947	55.172.109	68.233.498	34.515.669
Operational deposit	6.153.029	225.159	1.538.257	56.290
Non-operational deposits	90.427.706	42.686.549	46.381.230	22.217.719
Other unsecured funding	22.002.212	12.260.401	20.314.011	12.241.660
Secured funding			-	-
Other cash outflows, of which;	51.759.675	7.337.156	7.301.218	2.668.590
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.510.377	484.887	2.510.377	484.887
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	49.249.298	6.852.269	4.790.841	2.183.703
Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	47.646.760	33.262.253	2.446.942	1.663.113
TOTAL CASH OUTFLOWS			97.784.645	49.693.449
CASH INFLOWS				
Secured lending	-	-	-	-
Unsecured lending	34.764.170	14.025.936	23.638.405	10.543.479
Other cash inflows	3.044.534	19.453.301	3.044.534	19.453.301
Total Cash Inflows	37.808.704	33.479.237	26.682.939	29.996.780
			Upper Limit Applied Amounts	
TOTAL HQLA STOCK			73.519.803	46.734.031
TOTAL NET CASH OUTFLOWS			71.101.706	19.696.669
LIQUIDITY COVERAGE RATIO (%)			103,40	237,27

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 has a remarkable extent in proportion to financial statement, they have an influence on the calculation of liquidity coverage ratio. Comparing to previous periods, non-cash loans are tend to increase.

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, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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) (2)	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	21.743.024	26.021.965	-	-	-	-	-	47.764.989
Banks	1.703.050	2.271.241	60.986	5.905	-	-	-	4.041.182
Financial Assets at Fair Value Through Profit and Loss	-	23	5	8.113	856.200	207.423	6.024.158	7.095.922
Money Market Placements	-	199.990	-	-	-	-	-	199.990
Financial Assets at Fair Value Through Other Comprehensive Income	-	893.562	3.551.016	9.322.188	32.352.491	36.191.650	441.110	82.752.017
Loans Given	-	18.682.001	28.687.721	161.595.973	160.647.616	29.583.764	2.454.456	401.651.531
Investments Held-to-Maturity	-	1.043.206	134.430	1.137.696	3.855.787	3.581.969	-	9.753.088
Other Assets	3.204.648	566.856	2.082.251	671.324	104.742	9.986	19.478.514	26.118.321
Total Assets	26.650.722	49.678.844	34.516.409	172.741.199	197.816.836	69.574.792	28.398.238	579.377.040
Liabilities								
Interbank Deposits	3.182.104	22.062.404	6.231.774	576.609	-	-	-	32.052.891
Other Deposits	93.990.575	167.804.522	50.277.327	37.175.560	1.129.687	3.204	-	350.380.875
Funds Provided from Other Financial Institutions	-	11.112.184	1.961.235	7.230.749	11.844.841	3.754.917	-	35.903.926
Money Market Borrowings	-	51.670.103	1.847.981	5.663.795	514.915	-	-	59.696.794
Issued Marketable Securities	-	939.596	896.274	4.379.418	9.926.420	-	-	16.141.708
Sundry Creditors	4.460.751	2.386.369	-	-	-	-	-	6.847.120
Other Liabilities (3)	9.606.499	2.227.102	1.180.235	239.611	1.873.811	5.660.666	57.565.802	78.353.726
Total Liabilities	111.239.929	258.202.280	62.394.826	55.265.742	25.289.674	9.418.787	57.565.802	579.377.040
Liquidity Gap	(84.589.207)	(208.523.436)	(27.878.417)	117.475.457	172.527.162	60.156.005	(29.167.564)	-
Net Off-Balance Sheet Position	-	(231.863)	121.250	132.164	606.623	-	-	628.174
Financial Derivative Assets	-	58.961.714	29.889.373	4.113.336	2.097.376	-	-	95.061.799
Financial Derivative Liabilities	-	59.193.577	29.768.123	3.981.172	1.490.753	-	-	94.433.625
Non-cash Loans	42.860.140	3.553.255	12.557.655	35.344.977	25.289.567	5.320.347	-	124.925.941
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								
Financial Derivative Assets	-	(296.539)	(910.708)	239.414	672.964	-	-	(294.869)
Financial Derivative Liabilities	-	35.631.390	15.398.589	3.000.559	1.793.273	-	-	55.823.811
Non-cash Loans	-	35.927.929	16.309.297	2.761.145	1.120.309	-	-	56.118.680
	43.512.657	4.219.665	9.073.114	34.559.942	25.159.538	4.660.104	-	121.185.020

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

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 7,61% (31 December 2018: 7,82%). The decrease on leverage results occur from the increase on total risk amount. The regulation sentenced the minimum leverage as 3%.

Balance sheet assets	Current Period ^(*)	Prior Period ^(*)
On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	555.897.530	534.876.356
(Assets deducted in determining Tier 1 capital)	(7.492.914)	(7.765.288)
Total on-balance sheet risks (sum of lines 1 and 2)	548.404.616	527.111.068
Derivative financial instruments and credit derivatives		
Replacement cost associated with all derivative financial instruments and credit Derivatives	2.503.820	2.232.071
Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	1.016.805	633.593
Total risks of derivative financial instruments and credit derivatives	3.520.625	2.865.664
Securities or commodity financing transactions (SCFT)		
Risks from SCFT assets	6.624.783	5.074.003
Risks from brokerage activities related exposures	-	-
Total risks related with securities or commodity financing transactions	6.624.783	5.074.003
Other off-balance sheet transactions		
Gross notional amounts of off-balance sheet transactions	194.987.244	168.298.955
(Adjustments for conversion to credit equivalent amounts)	-	-
Total risks of off-balance sheet items	194.987.244	168.298.955
Capital and total risks		
Tier 1 capital	57.107.643	55.001.423
Total risks	753.537.268	703.349.690
Leverage ratio		
Leverage ratio %	7,61	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, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 31 March 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)	385.299.613	361.242.979	30.823.969
2	Standardised approach	385.299.613	361.242.979	30.823.969
3	Internal rating-based approach		-	-
4	Counterparty credit risk	4.944.654	3.681.993	395.572
5	Standardised approach for counterparty credit risk	4.944.654	3.681.993	395.572
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	4.251.688	3.294.787	340.135
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	21.681.847	14.176.551	1.734.548
17	Standardised approach	21.681.847	14.176.551	1.734.548
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)	451.469.131	411.815.001	36.117.530

SECTION FOUR (Continued)

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

VIII. EXPLANATIONS ON OPERATING SEGMENTS

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

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

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

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

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

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

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

As of 31 March 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, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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/ SME banking	Specialized Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
OPERATING INCOME/EXPENSE						
Interest Income	3.253.292	5.762.950	1.888.312	4.626.799	52.968	15.584.321
Interest Income from Loans	3.253.292	5.762.950	1.888.312	1.293.583	-	12.198.137
Interest Income from Banks	-	-	-	90.633	-	90.633
Interest Income from Securities	-	-	-	3.098.280	-	3.098.280
Other Interest Income	-	-	-	144.303	52.968	197.271
Interest Expense	4.561.795	1.885.370	-	4.102.957	112.313	10.662.435
Interest Expense on Deposits	4.561.795	1.885.370	-	752.200	-	7.199.365
Interest Expense on Funds Borrowed	-	-	-	366.576	-	366.576
Interest Expense on Money Market Transactions	-	-	-	2.701.693	-	2.701.693
Interest Expense on Securities Issued	-	-	-	282.488	-	282.488
Other Interest Expense	-	-	-	-	112.313	112.313
Net Interest Income/Expense	(1.308.503)	3.877.580	1.888.312	523.840	(59.345)	4.921.886
Net Fees and Commission Income/Expense	684.128	466.127	28.989	(349.930)	(7.710)	821.604
Fees and Commissions Received	684.128	466.127	28.989	3.000	71.016	1.253.260
Fees and Commissions Paid	-	-	-	352.930	78.726	431.656
Personnel Expenses	-	-	-	-	832.854	832.854
Dividend Income	-	-	-	7.310	-	7.310
Trading Income/Loss (Net)	-	-	-	(1.419.916)	-	(1.419.916)
Other Operating Income	8.204	48.488	8.209	1.346	381.481	447.728
Provision for Expected Loss (-)	235.117	578.437	161.371	-	-	974.925
Other Provision Expenses(-)	-	-	-	540	197.387	197.927
Other Operating Expense	490.321	12.575	14.757	-	831.954	1.349.607
Income Before Tax	(1.341.609)	3.801.183	1.749.382	(1.237.888)	(1.547.769)	1.423.299
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	-	-
Tax Provision	-	-	-	-	(321.478)	(321.478)
Net Profit/Loss	(1.341.609)	3.801.183	1.749.382	(1.237.888)	(1.869.247)	1.101.821
SEGMENT ASSETS						
Financial Assets at FV Through P/L	-	-	-	7.095.922	-	7.095.922
Banks and Other Financial Institutions	-	-	-	4.241.172	-	4.241.172
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	82.752.017	-	82.752.017
Loans	98.029.527	218.548.740	67.113.097	17.960.167	-	401.651.531
Derivative Financial Assets	-	-	-	9.753.088	-	9.753.088
Held to Maturity Investments (Net)	-	-	-	3.364.128	-	3.364.128
Associates, Subsidiaries and Joint Ventures	-	-	-	7.700.426	-	7.700.426
Other Assets	22.811	1.413.591	113.979	44.012.056	17.256.319	62.818.756
TOTAL SEGMENT ASSETS	98.052.338	219.962.331	67.227.076	176.878.976	17.256.319	579.377.040
SEGMENT LIABILITIES						
Deposits	278.665.377	61.987.263	-	32.052.891	9.728.235	382.433.766
Derivative Financial Liabilities Held for Trading	-	-	-	1.649.372	-	1.649.372
Funds Borrowed	-	-	-	35.903.926	-	35.903.926
Money Market Funds	4.243	40.138.835	-	19.553.716	-	59.696.794
Securities Issued (Net)	-	-	-	16.141.708	-	16.141.708
Provisions	-	472.506	-	-	2.581.622	3.054.128
Other Liabilities	-	-	-	-	24.749.254	24.749.254
Shareholders' Equity	-	-	-	-	55.748.092	55.748.092
TOTAL SEGMENT LIABILITIES	278.669.620	102.598.604	-	105.301.613	92.807.203	579.377.040
OTHER SEGMENT ITEMS						
Capital Investment	-	-	-	-	-	-
Amortization Expense	-	-	-	-	106.921	106.921
Restructuring Costs	-	-	-	-	-	-

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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/ SME banking	Specialized Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
OPERATING INCOME/EXPENSE						
Interest Income	2.579.974	3.362.265	1.570.246	2.531.896	24.171	10.068.552
Interest Income from Loans	2.579.974	3.362.265	1.570.246	763.494	-	8.275.979
Interest Income from Banks	-	-	-	43.623	-	43.623
Interest Income from Securities	-	-	-	1.599.898	-	1.599.898
Other Interest Income	-	-	-	124.881	24.171	149.052
Interest Expense	2.275.411	1.027.375	-	2.077.333	52.758	5.432.877
Interest Expense on Deposits	2.275.411	1.027.375	-	231.344	-	3.534.130
Interest Expense on Funds Borrowed	-	-	-	240.399	-	240.399
Interest Expense on Money Market Transactions	-	-	-	1.376.443	-	1.376.443
Interest Expense on Securities Issued	-	-	-	229.147	-	229.147
Other Interest Expense	-	-	-	-	52.758	52.758
Net Interest Income/Expense	304.563	2.334.890	1.570.246	454.563	(28.587)	4.635.675
Net Fees and Commission Income/Expense	388.931	292.464	25.119	(106.808)	16.269	615.975
Fees and Commissions Received	388.931	292.464	25.119	3.209	40.188	749.911
Fees and Commissions Paid	-	-	-	110.017	23.919	133.936
Personnel Expenses	-	-	-	-	704.122	704.122
Dividend Income	-	-	-	2.028	-	2.028
Trading Income/Loss (Net)	-	-	-	(577.508)	-	(577.508)
Other Operating Income	7.618	40.920	6.970	579	377.509	433.596
Provision for Expected Loss (-)	281.041	560.003	186.906	10.355	-	1.038.305
Other Operating Expense	387.832	9.883	13.035	-	704.596	1.115.346
Income Before Tax	32.239	2.098.388	1.402.394	(237.501)	(1.043.527)	2.251.993
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	-	-
Tax Provision	-	-	-	-	(521.932)	(521.932)
Net Profit/Loss	32.239	2.098.388	1.402.394	(237.501)	(1.565.459)	1.730.061
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
Derivative Financial Assets	-	-	-	10.253.255	-	10.253.255
Held to Maturity Investments (Net)	-	-	-	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
OTHER SEGMENT ITEMS						
Capital Investment	-	-	-	-	-	-
Amortization Expense	-	-	-	-	68.346	68.346
Restructuring Costs	-	-	-	-	-	-

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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	2.394.728	1.344.366	2.075.790	1.429.963
Central Bank of the Republic of Turkey	3.111.969	40.900.087	2.747.581	34.206.046
Other	-	14.334	1.150	31.104
Total	5.506.697	42.258.787	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 12%; for FC deposit accounts with 1-year and longer maturity 8%, for FC liabilities other than deposits up to 1-year maturity 20%; for FC liabilities other than deposits up to 2-years maturity 15%; for FC liabilities other than deposits up to 3-years maturity 10%; for FC liabilities other than deposits up to 5-years maturity 6%; and for FC liabilities other than deposits more than 5-years maturity 4%.

According to the press release of CBRT held on 21 October 2014, interest payment for Turkish Lira reserve requirement has been commenced 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	2.894.822	13.199.994	2.424.088	12.546.367
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	1.886.293	-	763
Other ⁽¹⁾	217.147	25.813.800	323.493	21.658.916
Total	3.111.969	40.900.087	2.747.581	34.206.046

⁽¹⁾ Includes required reserves and CBRT Restricted Electronic Money Funds amounting to TL 8.486. Required reserve of branches abroad amounting to TL 169.233 is presented in this line. TL 11.842.328 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	1.037.815	-
Assets Blocked/Given as Collateral	-	-
Total	1.037.815	-

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 Held-for-Trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	273.999	77.999	243.160	15.245
Swap Transactions	2.358.332	653.763	1.305.367	471.896
Futures Transactions	-	-	-	-
Options	-	35	-	708
Other	-	-	-	-
Total	2.632.331	731.797	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	797.114	12.699	686.231	2.278
Foreign Banks	49.196	3.186.948	178.850	4.878.852
Foreign Head Office and Branches	-	-	-	-
Total	846.310	3.199.647	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	56.633.880	28.169.653
Assets Blocked/Given as Collateral	19.549.704	45.687.419
Total	76.183.584	73.857.072

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

	Current Period	Prior Period
Debt Securities	92.380.099	84.213.066
Quoted in Stock Exchange	92.255.569	84.028.546
Not Quoted in Stock Exchange	124.530	184.520
Share Certificates	467.441	395.377
Quoted in Stock Exchange	293.586	227.170
Not Quoted in Stock Exchange	173.855	168.207
Provision for Impairment (-)	10.095.523	6.220.920
Total	82.752.017	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)}	443.759	-	365.688	-
Total	443.759	-	365.688	-

(1) Interest rediscount and interest accrual amounting TL 4.924, are not included in the table above (31 December 2018: Interest rediscount and interest accrual amounting TL 4.243, are not included in the table above).

(2) Since the balance of overdraft accounts related to employees amounting TL 17.837, 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, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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	
Cash Loans				Loans with revised contract terms
Non-Specialized Loans	312.205.405	13.508.638	2.716.579	-
Commercial Loans	202.736.170	5.433.795	2.571.354	-
Export Loans	5.821.353	79.167	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	5.606.766	6.453.813	-	-
Consumer Loans	90.377.494	1.385.897	144.788	-
Credit Cards	6.589.362	148.013	437	-
Other	1.074.260	7.953	-	-
Specialized Lending ⁽¹⁾⁽²⁾	61.260.577	1.470.834	643.519	-
Other Receivables	-	-	-	-
Interest Income Accruals ⁽²⁾	8.575.628	1.972.359	152.581	-
Total	382.041.610	16.951.831	3.512.679	-

⁽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	
Cash Loans				Loans with revised contract terms
Non-Specialized Loans	287.524.006	12.257.515	2.023.033	-
Commercial Loans	188.591.255	4.728.644	1.950.717	-
Export Loans	5.709.535	27.105	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	1.688.751	6.052.521	-	-
Consumer Loans	84.626.693	1.297.885	71.882	-
Credit Cards	5.805.745	134.811	434	-
Other	1.102.027	16.549	-	-
Specialized Lending ⁽¹⁾⁽²⁾	58.636.554	1.518.720	534.642	-
Other Receivables	-	-	-	-
Interest Income Accruals ⁽²⁾	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	878.316	-	855.496	-
Significant Increase in Credit Risk	-	2.430.729	-	2.181.267

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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	1.059.951	88.954.006	90.013.957
Real Estate Loans ⁽²⁾	13.087	52.222.447	52.235.534
Vehicle Loans	5.792	213.349	219.141
Consumer Loans ⁽²⁾	1.041.072	36.518.210	37.559.282
Other	-	-	-
Consumer Loans- Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	1.100	43.170	44.270
Real Estate Loans	-	7.645	7.645
Vehicle Loans	-	-	-
Consumer Loans	1.100	35.525	36.625
Other	-	-	-
Individual Credit Cards-TL	4.943.561	187.260	5.130.821
With Installment	1.521.394	182.972	1.704.366
Without Installment	3.422.167	4.288	3.426.455
Individual Credit Cards-FC	624	-	624
With Installment	-	-	-
Without Installment	624	-	624
Personnel Loans-TL	21.646	304.589	326.235
Real Estate Loans	-	2.843	2.843
Vehicle Loans	-	-	-
Consumer Loans	21.646	301.746	323.392
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	110.835	6.639	117.474
With Installment	45.386	6.542	51.928
Without Installment	65.449	97	65.546
Personnel Credit Cards-FC	50	-	50
With Installment	-	-	-
Without Installment	50	-	50
Overdraft Accounts-TL (Real Person)	1.523.717	-	1.523.717
Overdraft Accounts-FC (Real Person)	-	-	-
Total ⁽¹⁾	7.661.484	89.495.664	97.157.148

⁽¹⁾ TL 731.034 of interest income accrual is not included in the table above.

⁽²⁾ Consumer loans originated from funds amounting to TL 3.860.101 of are included in the table above.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 (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	-	-	-
Individual 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
Individual 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, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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
Commercial Installment Loans-TL	1.562.340	38.404.424	39.966.764
Business Loans	537	420.581	421.118
Vehicle Loans	57.110	784.032	841.142
Consumer Loans	1.504.693	37.199.811	38.704.504
Other	-	-	-
Commercial Installment Loans- Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans - FC	77.623	31.332.214	31.409.837
Business Loans	-	6.180	6.180
Vehicle Loans	-	-	-
Consumer Loans	77.623	31.326.034	31.403.657
Other	-	-	-
Corporate Credit Cards-TL	1.473.833	14.839	1.488.672
With Installment	491.991	14.779	506.770
Without Installment	981.842	60	981.902
Corporate Credit Cards-FC	171	-	171
With Installment	-	-	-
Without Installment	171	-	171
Overdraft Account-TL (Legal Entity)	661.800	-	661.800
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	3.775.767	69.751.477	73.527.244

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

Prior Period	Short-Term	Medium and Long-Term	Total
Commercial Installment 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	-	-	-
Commercial Installment Loans- Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment 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, SEE IN NOTE I. OF SECTION THREE
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 International Loans

	Current Period	Priod Period
Domestic Loans	382.621.590	353.958.673
Foreign Loans	9.183.962	8.535.797
Interest Income Accruals of Loans	10.700.568	9.376.857
Total	402.506.120	371.871.327

7.6. Loans Granted to Subsidiaries and Associates

	Current Period	Priod Period
Direct loans granted to subsidiaries and associates	2.880.147	2.535.527
Indirect loans granted to subsidiaries and associates	-	-
Total	2.880.147	2.535.527

7.7. Provisions provided against loans (Stage Three)

	Current Period	Priod Period
Loans and other receivables with limited collectability	221.441	388.478
Loans and other receivables with doubtful collectability	904.153	688.923
Uncollectible loans and other receivables	4.539.490	4.270.418
Total	5.665.084	5.347.819

7.8. Information On Non-Performing Receivables (Net)

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

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Current Period	38.071	121.303	167.334
Gross amounts before the provisions	-	-	-
Restructured loans and other receivables	38.071	121.303	167.334
Period Period	27.918	77.194	150.427
Gross amounts before the provisions	-	-	-
Restructured loans and other receivables	27.918	77.194	150.427

7.8.2. Information on the Movement of Non-Performing 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 (+)	629.459	277.718	231.721
Transfers from Other Categories of Loans under Follow-Up (+)	-	989.486	404.241
Transfers to Other Categories of Loans under Follow-Up (-)	989.486	404.241	-
Collections (-) ⁽¹⁾	98.029	180.287	154.284
Sold	28.786	1.503	16.218
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period End Balance	659.987	1.994.559	5.464.994
Provision (-)	221.441	904.153	4.539.490
Net Balance on Balance Sheet ⁽²⁾	438.546	1.090.406	925.504

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 Non-Performing Receivables (Net) (Continued)

7.8.3. Information on Foreign Currency Non-Performing Loans

	Group III Loans and other receivables with limited collectability	Group IV Loans and other receivables with doubtful collectability	Group V Uncollectible loans and other receivables
Current Period:			
Period Ending Balance	1.358	1.321	26.218
Expected Loss Provision (-)	396	500	24.721
Net Balance on Balance Sheet	962	821	1.497
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 Non-Performing Receivables According to User Groups

	Group III Loans and other receivables with limited collectability	Group IV Loans and other receivables with doubtful collectability	Group V Uncollectible loans and other receivables
Current Period (Net)	438.546	1.090.406	925.504
Loans to Real Persons and Legal Entities (Gross)	659.987	1.994.559	5.324.017
Provisions (-)	221.441	904.153	4.398.513
Loans to Real Persons and Legal Entities (Net)	438.546	1.090.406	925.504
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	140.977
Provisions (-)	-	-	140.977
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 non-performing loans banks which provide expected credit loss according to TFRS 9

	Group III Loans and other receivables with limited collectability	Group IV Loans and other receivables with doubtful collectability	Group V Uncollectible loans and other receivables
Current Period (Net)	24.865	70.060	10.175
Interest Accruals and Valuation Differences	50.205	131.711	35.212
Provisions (-)	25.340	61.651	25.037
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, SEE IN NOTE I. OF SECTION THREE
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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	5.198.875	2.469.462	177.923	1.819.056
Treasury Bills	-	-	-	-
Other Public Sector Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	5.198.875	2.469.462	177.923	1.819.056

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 given as collateral or blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	-	-	-	-
Bonds and Similar Investment Securities	-	1.139.565	3.790.424	3.019.229
Other	-	-	-	-
Total	-	1.139.565	3.790.424	3.019.229

8.2. Government Bonds and Treasury Bills Measured at Amortised Cost

	Current Period	Prior Period
Government Bonds	9.602.058	10.056.544
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
Total	9.602.058	10.056.544

8.3. Information on Investments Measured at Amortised Cost

	Current Period	Prior Period
Debt securities	9.754.404	10.254.639
Quoted in a Stock Exchange	9.602.058	10.056.544
Not Quoted in a Stock Exchange	152.346	198.095
Provision for Impairment (-)	-	-
Total	9.754.404	10.254.639

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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	294.859	1.764.370
Purchases During the Year ^(*)	50.582	3.501.862
Disposals through Sales and Redemptions	(845.676)	(2.607.480)
Provision for Impairment (-)	-	-
Period End Balance	9.754.404	10.254.639

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

9. Information about Associates Accounts (Net)

9.1. Information about Associates

	Description	Address (City/ Country)	The Bank’s Share Percentage, if Different, Voting Percentage (%)	The Bank’s Risk Group Share Percentage (%)
1	Bankalararası Kart Merkezi A.Ş.	Istanbul/Turkey	12,50	17,98
2	Kredi Kayıt Bürosu A.Ş.	Istanbul/ Turkey	10,00	9,09
3	Arap Türk Bankası A.Ş.	Istanbul/Turkey	25,00	15,43

	Total Assets ⁽²⁾	Shareholder s’ 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	120.754	73.908	67.083	1.238	-	8.943	4.564	-
2	298.608	175.136	173.225	3.724	-	11.639	12.874	-
3	4.562.210	916.397	120.294	74.587	8.818	50.665	24.432	-

(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 31 March 2019. Prior period profit/loss information of associates has been provided from audited financial statements as of 31 March 2018.

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

9.2. Information about 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 (%)	15,43	15,43

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 Associates Accounts (Net) (Continued)

9.3. Sectoral Information and Related Amounts of Associates

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

9.4. Associates Quoted to a Stock Exchange

None (31 December 2018: None).

10. Information on Subsidiaries (Net)

10.1. Information on Subsidiaries

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

	Description	Address (City/ Country)	The Bank’s Share Percentage-if different Voting Percentage (%)	The Bank’s Risk Group Share Percentage (%)
1	Ziraat Hayat ve Emeklilik A.Ş.	İstanbul / Turkey	100,00	100,00
2	Ziraat Sigorta A.Ş.	İstanbul / Turkey	100,00	100,00
3	Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul / Turkey	100,00	99,60
4	Ziraat Portföy Yönetimi A.Ş.	İstanbul / Turkey	100,00	99,80
5	Ziraat Katılım Bankası A.Ş. ⁽¹⁾	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	Moskow/ 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

⁽¹⁾ 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 Istanbul Registry of Commerce at 1 March 2019.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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. Information on Subsidiaries (Net) (Continued)

10.1. Information on Subsidiaries (Continued)

	Total Assets	Shareholders' Equity	Total Non-Current Assets	Interest Income ⁽³⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit / Loss	Prior Period Profit /Loss	Fair Value ⁽¹⁾	Shareholders equity amount needed
1	8.821.948	1.218.526	2.165	143.850	-	180.947	121.891	-	-
2	1.920.456	729.899	5.152	48.919	-	85.619	57.747	-	-
3	296.544	201.704	539	-	2.320.398	19.694	17.226	-	-
4	97.323	92.190	56.090	3.702	11.204	7.788	4.685	-	-
5	22.188.803	2.218.584	132.512	1.953.615	136.942	322.665	158.902	-	-
6	1.982.905	1.693.652	1.580.684	-	-	9.467	14.411	-	-
7	787.041	786.788	232	-	-	35.471	-	-	-
8	63.375	14.954	4.602	500	-	(549)	4.333	-	-
9	9.744.307	1.501.231	22.576	79.010	793	28.545	20.146	1.417.616	-
10	3.126.680	553.837	130.300	27.322	127	1.757	(410)	638.508	-
11	617.471	242.394	11.451	14.323	96	6.133	5.492	209.829	-
12	1.025.710	409.472	24.846	18.996	-	7.897	13.559	382.795	-
13	717.208	217.267	57.738	14.505	168	3.166	3.144	202.831	-
14	491.105	87.234	4.352	4.456	305	(114)	(427)	80.768	-
15	224.960	110.271	9.601	2.340	1.039	1.730	909	110.598	-
16	354.917	150.233	6.018	7.972	-	5.171	2.715	166.462	-

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

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

⁽³⁾ 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 audited financial statements as of 31 December 2018, the prior period profit/loss balances have been provided from limited reviewed financial statements as of 31 December 2017. Information on other subsidiaries shown in the table above has been provided from limited reviewed financial statements as of 31 March 2019, the prior period profit/loss balances have been provided from audited financial statements as of 31 December 2018.

	Current Period	Prior Period
Balance at the Beginning of the Period	7.394.408	5.138.250
Movements During the Period	94.236	2.256.158
Additions to Scope of Consolidation	-	-
Purchases ⁽¹⁾	-	1.521.015
Bonus Shares Obtained	-	-
Dividends from current year income	-	-
Sales	-	-
Revaluation Increase ⁽²⁾	94.236	807.408
Impairment Provision (-)	-	72.265
Balance at the End of the Period	7.488.644	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	5.242.247	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, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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	4.343.123	15.154	21.180	21.670	10.236

⁽¹⁾ Information on entity under joint control is provided from the unaudited financial statements as of 31 March 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 in “Marketable Securities Value Increase Fund” under shareholders’ equity.

12. Information on Finance Lease Receivables (Net)

The Bank has no finance lease receivables

13. Information on Derivative Financial Assets for Hedging Purposes

The Bank has no derivative financial assets for hedging purposes

14. Information on Investment Property

None

15. Information on 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 1.550.381 consisting of TL 22.811 due to consumer loans, TL 1.413.591 on its commercial loans and TL 113.979 on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL 3.793. (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, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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)	(26.137)	578.016	8.893	84.251	(5.096)	-	639.927
- Cost	(17.998)	601.028	44.321	92.543	459	-	720.353
- Depreciation – net (-)	8.139	23.012	35.428	8.292	5.555	-	80.426
- Impairment (-)	-	-	-	-	-	-	-
Net Currency Translation from Foreign Subsidiaries	-	-	-	-	-	-	-
Cost at Period End	5.581.797	601.028	1.177.894	107.471	255.646	-	7.723.836
Accumulated Depreciation at Period End (-)	1.020.650	23.012	756.622	14.510	221.108	-	2.035.902
Impairment (-)	2.805	-	-	-	-	-	2.805
Closing Net Book Value	4.558.342	578.016	421.272	92.961	34.538	-	5.685.129

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	495	422
Banks and Receivables from Money Markets	4.775	704
Financial Assets Measured at Amortized Cost	1.316	1.384
Other	48.404	39.874
Total	54.990	42.384

20. Information on Other Assets

As of 31 March 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, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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	28.025.394	-	2.666.970	72.363.226	7.639.135	3.243.309	3.794.977	194.589	117.927.600
Foreign Currency Deposits	41.836.126	-	13.544.726	61.110.957	10.575.503	8.372.884	25.290.808	6.773	160.737.777
Residents in Turkey	35.312.881	-	12.545.884	49.940.051	6.403.443	4.001.980	7.981.976	5.113	116.191.328
Residents Abroad	6.523.245	-	998.842	11.170.906	4.172.060	4.370.904	17.308.832	1.660	44.546.449
Public Sector Deposits	6.783.232	-	3.791.394	5.619.865	913.015	1.739.249	4.202	-	18.850.957
Commercial Inst. Deposits	7.286.835	-	8.654.543	11.851.512	418.001	2.057.209	514.951	-	30.783.051
Other Inst. Deposits	1.865.909	-	1.346.760	3.955.237	3.812.530	827.136	545.683	-	12.353.255
Precious Metals	8.193.079	-	74.892	1.198.634	125.320	56.454	79.856	-	9.728.235
Interbank Deposits	3.182.104	-	17.341.401	7.702.387	2.948.309	13.375	865.315	-	32.052.891
CBRT	641	-	-	-	-	-	-	-	641
Domestic Banks	280.240	-	16.532.678	232.513	250.517	2.129	2.125	-	17.300.202
Foreign Banks	1.202.716	-	808.723	6.902.084	2.697.792	11.246	574.830	-	12.197.391
Participation Banks	1.698.507	-	-	567.790	-	-	288.360	-	2.554.657
Other	-	-	-	-	-	-	-	-	-
Total	97.172.679	-	47.420.686	163.801.818	26.431.813	16.309.616	31.095.792	201.362	382.433.766

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, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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⁾	74.101.206	72.452.175	43.362.256	42.513.947
Foreign Currency Saving Deposits ⁽¹⁾	42.376.215	35.389.813	72.290.746	62.168.160
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance ⁽²⁾	1.193.086	1.106.656	168.015	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 121.461 and TL 44.050 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 648 of demand deposits is not included in the above calculation, since the Bank paid the saving deposits amount attributable to T. İmar Bank T.A.Ş.

Savings Deposit Insurance Fund premiums are calculated based on deposit amount attributable to real persons in domestic branches of the banks. As total of capital amount and interest expense accruals of saving deposits up to TL 100 attributable to a real person is covered by the insurance, TL 1.871.097 of interest expense accrual is included in the above-mentioned figures in accordance with the Communiqué on Insurance Deposits and Participation Funds and Premiums Collected by the Savings Deposit Insurance Fund published in the Official Gazette dated 15 February 2013 and numbered 28560.

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

The Bank’s head office is located in Turkey.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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	61.402	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	8.827	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	303.423	91.467	272.091	8.419
Swap Transactions	74.259	1.180.189	882.868	478.751
Futures Transactions	-	-	-	-
Options	-	34	1.363	-
Other	-	-	-	-
Total	377.682	1.271.690	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	1.680.108	4.306.590	2.088.086	4.119.290
Foreign Banks, Institutions and Funds	386.949	29.530.279	580.527	27.383.750
Total	2.067.057	33.836.869	2.668.613	31.503.040

3.2. Maturity Structure of Funds Borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	1.679.332	5.787.742	2.086.811	4.952.533
Medium and Long-Term	387.725	28.049.127	581.802	26.550.507
Total	2.067.057	33.836.869	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

66,01% of the Bank's total liabilities and equity consist of deposits. Deposits have a diversified base and have steady structures. The Bank's liabilities are not subject to a significant concentration risk.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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	40.514.121	-	55.960.316	-
Financial Institutions and Organizations	39.772.646	-	55.754.498	-
Other Institutions and Organizations	737.233	-	203.162	-
Real Person	4.242	-	2.656	-
From Overseas Operations	16.175	19.166.498	-	12.390.480
Financial Institutions and Organizations	16.175	19.166.498	-	12.390.480
Other Institutions and Organizations	-	-	-	-
Real Person	-	-	-	-
Total	40.530.296	19.166.498	55.960.316	12.390.480

5. Information on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	1.612.764	188.009	1.806.838	106.896
Asset-Backed Securities	-	-	-	-
Treasury Bills	1.010.690	13.330.245	1.010.690	12.506.044
Total	2.623.454	13.518.254	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	3.783	3.781	224	221
Between 1-4 Years	251.275	251.275	-	-
More than 4 Years	316.958	316.958	-	-
Total	572.016	572.014	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

Foreign exchange loss provisions on foreign currency indexed loans and finance lease receivables amount to TL 26 (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 31 March 2019, unpaid vacation liability amounted to TL 264.700, and employment termination amounted to TL 871.353 are presented under the “Employee Benefits Provision” in the financial statements (31 March 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, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 free provision which is not in accordance with BRSA Principles amounting to TL 952.000, provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions. Moreover, the provision of TL 30.500 and other provision of TL 217 exist for cash transfers made by Bank officials.(31 December 2018: These financial statements include a free provision which is not in accordance with BRSA Principles amounting to TL 952.000 ,which has a part of TL 523.000 have been reversed from the current period, provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions. Moreover, the provision of TL 30.500 and other provision of TL 217 exist for cash transfers made by Bank officials.)

10. Information on Tax Liability

10.1. Information on Current Tax Liability

10.1.1. Information on Tax Provisions

As of 31 March 2019, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 503.224 (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	503.224	880.567
Taxation on Income From Securities	345.284	195.908
Property Tax	2.831	2.668
Banking Insurance Transactions Tax (BITT)	210.381	235.144
Foreign Exchange Transactions Tax	76	58
Value Added Tax Payable	6.526	8.366
Corporate Tax Payable	254.878	109.738
Taxation on Income From Securities	1.323.200	1.432.449

10.1.3. Information on Premiums

	Current Period	Prior Period
Social Security Premiums - Employee	42	40
Social Security Premiums - Employer	56	54
Bank Social Aid Pension Fund Premium - Employee	14.893	11.988
Bank Social Aid Pension Fund Premium - Employer	20.759	16.712
Pension Fund Membership Fees and Provisions - Employee	1	1
Pension Fund Membership Fees and Provisions - Employer	1	-
Unemployment Insurance - Employee	2.294	1.816
Unemployment Insurance - Employer	4.589	3.634
Other	-	-
Total	42.635	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, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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

The Bank does not have any subordinated debts.

13. Information on Shareholders’ Equity

13.1. Presentation on Paid-In Capital

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

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

The Bank does not have a registered capital system.

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

There are no capital increases in the current period

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

There is no share capital amount included in capital.

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

The Bank has no capital commitments.

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

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

13.7. Information on Preferred Shares Representing The Capital

The Bank has no preferred shares.

13.8. Information on Marketable Securities Value Increase Fund

	Current Period		Prior Period	
	TL	TL	FC	YP
From Subsidiaries, Associates and Entities under Common Control	1.789.382	196.838	1.793.543	176.034
Revaluation Difference	(37.856)	196.838	(33.695)	176.034
Foreign Exchange Difference	1.827.238	-	1.827.238	-
From Financial Assets at Fair Value Through Other Comprehensive Income	(5.506.188)	(3.884.874)	(3.637.328)	(2.792.581)
Revaluation Difference	(8.127.916)	(3.884.874)	(5.477.334)	(2.792.581)
Deferred Tax Effect	2.621.728	-	1.840.006	-
Foreign Exchange Difference	-	-	-	-
Total	(3.716.806)	(3.688.036)	(1.843.785)	(2.616.547)

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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	17.111.531	13.341.463
Other Irrevocable Commitments	14.146.367	14.001.763
Loan Granting Commitments	9.460.253	8.548.157
Payment Commitments for Cheques	3.602.834	2.773.071
Asset Purchase Commitments	66.085.523	7.174.245
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	25.778	23.620
Subsidiaries and Associates Capital Contribution Commitments	-	-
Total	110.432.286	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 472.506 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
Guarantee Letters	96.223.120	94.754.340
Letter of Credits	19.195.103	17.915.615
Bank Acceptances	8.959.649	8.312.973
Endorsement	548.069	202.092
Total	124.925.941	121.185.020

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

	Current Period	Prior Period
Letters of Certain Guarantees	68.620.028	65.841.319
Letters of Advance Guarantees	18.771.341	20.112.137
Letters of Temporary Guarantees	2.963.433	3.098.995
Letters of Guarantees Given to Customs Offices	1.442.537	1.444.864
Other Letters of Guarantees	4.425.781	4.257.025
Total	96.223.120	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	889.405	872.563
With Original Maturity of One Year or Less	-	4.289
With Original Maturity of More than One Year	889.405	868.274
Other Non-Cash Loans	124.036.536	120.312.457
Total	124.925.941	121.185.020

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 INCOME STATEMENT

1. Within The Scope of Interest Income

1.1. Information on Interest Income from Loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans ⁽¹⁾	10.178.422	2.019.715	7.181.302	1.094.677
Short Term Loans	3.239.321	208.606	1.814.158	43.311
Medium and Long Term Loans	6.768.730	1.811.103	5.334.693	1.051.363
Interest on Non-Performing Loans	170.371	6	32.451	3
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	33.736	-	8.967	-
Domestic Banks	40.314	12	20.836	43
Foreign Banks	7.549	9.022	2.952	10.825
Foreign Head Office and Branches	-	-	-	-
Total	81.599	9.034	32.755	10.868

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	1.186	1.233	205	130
Financial Assets at Fair Value Through Other Comprehensive Income	2.384.245	376.987	1.217.822	238.696
Financial Assets Measured at Amortized Cost	246.182	88.447	58.398	84.647
Total	2.631.613	466.667	1.276.425	323.473

1.4. Information on Interest Income from Subsidiaries and Associates

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	44.837	6.810

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 INCOME STATEMENT(Continued)

2. Within the Scope of Interest Expense (Continued)

2.1. Information on Interest Expense on Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	71.763	294.813	37.486	202.913
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	48.493	47.074	12.923	2.893
Foreign Banks	23.270	247.739	24.563	200.020
Foreign Head Office and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	71.763	294.813	37.486	202.913

⁽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	92.386	48.337

2.3. Information on Interest Given on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Given on Securities Issued	122.593	159.895	120.801	108.346

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	-	694.515	-	-	129	125	-	694.769
Saving Deposit	-	91.913	3.243.215	347.771	144.833	165.935	1.622	3.995.289
Public Sector Deposit	241	185.410	194.987	37.797	101.770	114	-	520.319
Commercial Deposit	91	303.650	445.079	26.310	160.742	7.377	-	943.249
Other Deposit	10	48.230	168.173	135.140	48.163	22.081	-	421.797
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	342	1.323.718	4.051.454	547.018	455.637	195.632	1.622	6.575.423
FC								
Foreign Currency Deposit	302	72.186	311.582	38.101	33.400	108.503	-	564.074
Bank Deposit	4	46.475	4.323	1.788	2.610	2.231	-	57.431
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	84	1.894	208	107	144	-	2.437
Total	306	118.745	317.799	40.097	36.117	110.878	-	623.942
Grand Total	648	1.442.463	4.369.253	587.115	491.754	306.510	1.622	7.199.365

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 INCOME STATEMENT(Continued)

3. Information on Trading Profit/Loss (Net)

	Current Period	Prior Period
Profit	21.004.677	11.397.508
Foreign Exchange Profits	19.468.498	10.773.161
Profit on Derivative Financial Instruments	1.530.829	622.437
Profit from the Capital Market Transactions	5.350	1.910
Loss (-)	22.424.593	11.975.016
Foreign Exchange Loss	19.298.647	10.902.172
Loss on Derivative Financial Instruments	3.121.731	1.072.469
Loss from the Capital Market Transactions	4.215	375

4. Information on Other Operating Income

Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 308.982 and income from sales of assets amounting to TL 18.590 (31 March 2018: Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 279.709 and income from sales of assets amounting to TL 47.944)

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	974.925	1.027.950
12 month expected credit loss (stage 1)	51.669	7.170
Significant increase in credit risk (stage 2)	244.517	148.409
Non-performing loans (stage 3)	678.739	872.371
Marketable Securities Impairment Expense	540	10.355
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	540	10.355
Subsidiaries, Associates and Entities under Common Control Provision Expenses for Impairment	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	-	-
Total	975.465	1.038.305

⁽¹⁾ “Marketable Securities Impairment Expenses” are presented under “Other Provision Expenses” line at current period income statement.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 INCOME STATEMENT (Continued)

6. Information on Other Operating Expenses

	Current Period	Prior Period
Reserve for Employee Termination Benefits	47.961	39.391
Bank Social Aid Provision Fund Deficit Provision	-	-
Tangible Fixed Assets Impairment Expense	-	101
Depreciation Expenses of Tangible Fixed Assets	88.208	55.308
Intangible Assets Impairment Expense	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	18.713	13.038
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	649.596	574.709
Leasing Expenses Related to TFRS 16 Exceptions	43.058	70.272
Maintenance Expenses	21.989	17.090
Advertisement Expenses	41.053	33.507
Other Expenses	543.496	453.840
Loss on Sales of Assets	38	117
Other ⁽¹⁾	740.879	432.682
Total	1.545.395	1.115.346

⁽¹⁾ TL 219.679 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 191.574 consists of taxes, duties and charges expense (31 March 2018: TL 147.183 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 152.431 consists of taxes, duties and charges expense)

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

⁽³⁾ “Employment Termination Provision” and “Short Term Employee Benefits Provision” expenses are presented under “Other Provision Expenses” line at current period income statement.

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	4.921.886	4.635.675
Net Fees and Commissions Income	821.604	615.975
Other Operating Income	447.728	433.596
Dividend Income	7.310	2.028
Trading Income/Expense (Net)	(1.419.916)	(577.508)
Provision for Loan or Other Receivables Losses (-)	832.854	704.122
Expected Loss Provisions (-)	974.925	1.027.950
Other Provision Expenses(-)	197.927	130.016
Other Operating Expenses (-)	1.349.607	995.685
Profit / (Loss) From Continuing Operations	1.423.299	2.251.993

8. Information on Tax Provision for Continuing and Discontinuing Operations

As of 31 March 2019, TL 321.478 of the Bank’s total tax provision expense amounting to TL 496.757 consists of current tax expense while remaining balances amounting to TL 175.279 consists of deferred tax expense. (As of 31 March 2019, TL 521.932 of the Bank’s total tax provision expense amounting to TL 694.169 consists of current tax expense while remaining balances amounting to TL 172.237 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 1.101.821 (31 March 2018: TL 1.730.061’dir).

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 INCOME STATEMENT (Continued)

10. Information on Net Profit/Loss

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

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

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

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

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

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

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

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

Current Period

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Opening Balance	2.535.527	5.669.093	-	-	-	648.530
Closing Balance	2.880.147	5.665.533	-	-	-	648.962
Interest and Commissions Income⁽¹⁾	44.837	377	-	-	-	-

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	-	-	-	78.923
Closing Balance	2.535.527	5.669.093	-	-	-	648.530
Interest and Commissions Income	6.810	194	-	-	-	-

⁽¹⁾ Represent the amount of interest and commissions income as of 31 March 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	-	-	13.974	17.708
Closing Balance	3.757.536	2.711.172	-	-	441.531	13.974
Interest Expense on Deposits	92.386	48.337	-	-	6.982	1.723

⁽¹⁾ The prior period balance of the deposit interest expense represents the amount at 31 March 2018

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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	1.378.563	553.700	-	-	10.078.916	-
Total Profit/Loss	(28.721)	10.775	-	-	185.841	-
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 2.523. (31 March 2018: 2.128 TL).

VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

Within the scope of existing GMTN Programme, with effective date of 24 April 2019, the Bank made an issuance of debt instrument, that has indefinite term, can be retired at the end of the 5 years, has fixed interest rate, annual interest payment and Euro 1.400.000 thousands par value, and will be included in Additional Tier I capital, which is within the limits of authority to issue debt instruments to be included in equity calculation. Mentioned issuance is allotted for TWF Market Stability and Balance Fund which is a sub-fund of Turkey Wealth Fund (TWF), and coupon rate of the note is 5,076%.

SECTION SIX

EXPLANATIONS ON AUDITORS’ REVIEW REPORT

I. EXPLANATIONS ON AUDITORS’ REVIEW REPORT

As of 31 March 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 14 May 2019 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

SECTION SEVEN

EXPLANATIONS ON INTERIM ACTIVITY REPORT

I. Chairman’s Assessment

The first quarter of 2019 was a period when the slowdown in the global growth continued and trade wars were on the agenda. USA-China trade talks and uncertainties relating the Brexit process continued to be effective on the global markets in the first quarter.

It is seen that clarification of the road map for at least 2019 by the leading central banks has contributed easing of the uncertainties in the monetary policies in the medium term. The European and US Central Banks who changed their guidance announced that they will not make any interest rate hikes. The ECB, considering the weakening growth of the zone has started new liquidity facilities to support the real sector. The FED has announced that they are planning to end the balance sheet reduction in September.

Although the loss of acceleration in the Euro Zone economies has continued in the first quarter of 2019, some data indicating that the slowdown in the Chinese economy has decelerated avoid the deepening of the concerns and increases the perception that the global economic activity will not be slowing down as fast as predicted in the beginning of the year. These developments show that the central banks of the developed and emerging countries will continue watching the course of economic data carefully with the strategy of wait and see.

It’s been observed that the balancing process in the Turkish economy continued in the first quarter of 2019, as foreseen. CBRT continued its tight monetary policy. During the period, while inflation displayed horizontally in line with the foresight, a partial increase in unemployment rate has been observed with the slowdown in the economic activity. Current account deficit decreased to the 9 year low by continuing to improve and provided room to improve our risk premium.

The banking sector, led by the state banks, continued to increase its loans and support the real sector. Ziraat Bankası, with the responsibility of being the leader of the sector continued to increase its loans faster than the sector both in TL and total to provide more support to our economy. Ziraat Bankası, being the moral bank of our country, has provided fast and convenient solutions to the financing needs of especially SMEs and the individuals. While providing this contribution, it collected deposit at home as a market maker without creating any pressure in the deposit market and also continued to provide funding from abroad.

Ziraat Bankası, will continue to provide financial services to our country in the best and most convenient way, with its widespread domestic and international service network and customer focused business model and employees.

Dr. Ahmet GENÇ

Chairman of the Board

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

II. Assessment of General Manager

In the first quarter of 2019, total assets increased by 8% to TL 579 billion, while our cash loans increased by 8% to exceed TL 400 billion. The Bank maintains its leading position in cash and non-cash loans through high pace of loan growth in the first quarter of the year. The size of the total loans exceeded half trillion TL that comprise 70% of the assets.

In 2019, we pertinaciously continue to carry out our activities to meet the financing needs of the retail clients and real sector especially the SMEs which have difficulties in accessing finance. In the first quarter of 2019, 31% of the sector's TL loan increase and 22% of the total loan growth was realized by Ziraat Bank. Also about 70% of the increase in general purpose loans was provided by Ziraat Bank. The market share of Ziraat Bank in the housing loans is more than 25%.

With the ‘‘SME Value Loan’’ products we designed for SMEs, we extended TL 6.4 billion to more than 24 thousand SMEs in the first quarter of 2019.

Agricultural sector and its finance have a strategic importance for Ziraat Bank. In addition to activities we carry on towards financing basic agricultural production, we continue with our efforts to be the efficient bank in whole agro value chain, from the farm to the table, and to develop financial products in order to achieve integration between agriculture and industry. In case we use our agricultural production potential more efficiently, we think that we can become a more important and efficient agricultural country than today and that we can increase the revenue obtained from agricultural product trade to higher amounts.

While maintaining high market share in agricultural sector, we also continue with our efforts to increase the contribution of agriculture into the overall economy. In this context, in order to develop the greenhouse activities and to increase awareness, we have presented our greenhouse loan product to our customers. Through this product, we aim to spread the greenhouse cultivation activities that are concentrated in a specific geographical area to the country’s surface where it can be done technically and economically, especially in the places where geothermal energy sources are located. We are continuing our trainings at the Young Farmers Academy, which we started last year with an aim to increase interest of the youth in agricultural production.

In order to balance the indebtedness levels of households and to make their financial structures more sound, we have extended loan exceeding TL 2.7 billion to around 250 thousand customers through our ‘‘Combining Consumer Loan’’ product, which enables us to restructure credit card debts of the Bank or other bank customers in accordance with their income. This product also contributed to increase the market share of our credit card brand, Bankkart Combo.

‘‘Bankkart Başak’’ product was introduced to our customers for the use of Bankkart Combo in the commercial area, where we have combined debit card and credit card in one card for the use of our retail customers.

With the ‘‘Company Contribution Housing Loan’’ product which aims the sale of first hand houses of companies actively working with our Bank, to our customers who have housing demand, financing has been provided under favourable conditions and the cash flow of the firms have been realized.

We continue to provide funding by maintaining our widespread structure without creating any pressure on interest rates in the deposit market. We are also trying to contribute to increase savings with new products in the deposit market. In this context, ‘‘Inflation Indexed-Interest Protected Time Deposit Account’’ and ‘‘Inflation Protected Deposit Account’’ products have been designed in order to expand our deposit base, to meet customer needs more efficiently and to provide additional return on inflation and protection against inflation. The main objective of these products is to ensure the relative reduction of dollarization, to encourage savings in the form of national currency and to support development of deposits, which are as important as credit.

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

III. Assessment of General Manager (Continued)

Other than deposits we continue to provide non-deposit funding from domestic markets and abroad. We have rolled our syndicated loan facility of USD 1.4 billion maturing in April with the participation of 40 banks from 22 countries.

As a result of the business model that we improve continuously, Ziraat Bank has been selected as Turkey’s most valuable brand in the Brand Finance’s ‘World’s 500 Most Valuable Bank Brand - 2019’ research. We share this pride with our customers.

As the Bank with the most widespread branch network, while we continue to develop our customer-oriented branch concept, we also keep on investing in digital banking. The number of digital banking customers exceeds 11 million. The number of customers using internet banking actively increased to 1.8 million and the number of mobile banking users reached 7 million.

We continue our efforts to supply our financial services in an integrated structure with our domestic and overseas subsidiaries and branches and to increase our service quality. We will continue to grow and develop in a healthy way so as to make Ziraat Bank, which is the most valuable bank brand in Turkey, not a bank but the most valuable finance group brand beyond the borders of the country in the close geography

Hüseyin AYDIN

Member of the Board and CEO

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

III. Corporate Profile

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

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

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

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

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

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

- 1.766 domestic and foreign branches
- 24.650 Employees
- 7.193 ATMs
- Internet Banking (Individual and Corporate Internet Branch)
- Mobile Banking (Ziraat Mobile, Ziraat Tablet)
- Telephone Banking
- SMS Banking

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

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

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

IV. Shareholding Structure

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

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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)	31 March 2019	31 December 2018
Cash and Cash Equivalents	52.006	46.237
Securities Portfolio*	93.578	88.681
Cash Loans**	402.506	371.871
Other Assets	31.287	30.367
Total Assets	579.377	537.156
LIABILITIES (TL Million)	31 March 2019	31 December 2018
Deposits	382.434	331.066
Non-deposits Resources	111.742	117.953
Other Liabilities	29.453	30.736
Shareholders' Equity	55.748	57.401
Total Liabilities	579.377	537.156
CHOSEN INCOME-EXPENSES (TL Million)	31 March 2019	31 December 2018
Interest Income	15.584	10.069
Interest Expense	10.662	5.433
Net Interest Income	4.922	4.636
Net Fees and Commission Income	822	616
Other Operations Income	448	434
Other Operations Expense	1.350	996
Allowance for expected credit losses	975	1.028
Provision for Losses on Loans Or Other Receivables	1.423	2.252
Income Before Taxes From Continuing Operations	321	522
Net Profit/Losses	1.102	1.730
RATIOS (%)	31 March 2019	31 December 2018
Capital Adequacy Ratio	13,17	14,82
Equity / Total Assets	9,6	10,7
Cash Loans / Total Assets	69,5	69,2
Loans under follow-up (Gross) / Total Loans	2,0	2,0
Saving Deposits/ Total Deposits	25,4	26,3
FC Assets / FC Liabilities	81,1	92,0
Liquid Assets / Total Assets	9,0	8,6

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

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

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

VI. 2019 I. Interim Activities

International Banking

For the renewal of syndicated loan, which the Bank had in April 2018, as 469,5 million USD and 848,5 million EUR with 367 days maturity, agreement has been signed with 40 banks from 22 countries on 29 March 2018. Cost of the loan which will be provided in two parts in USD and EUR currencies, is Libor+2,5% and Euribor+2,40%, respectively.

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

Bonds Issuance in Global Markets

Within the scope of extension of funding diversity and creation of long term alternative funding with reasonable costs purposes, in order to borrow from international capital markets, the Bank’s GMTN (Global Medium Term Notes) program worth of 4 billion US Dollars, is updated by extending the amount up to 7 billion US Dollars as of 20 March 2019.

The Bank continued to raise funding in global markets through issuance of bonds in the form of private placement under the GMTN (Global Medium Term Notes) program in the first quarter of 2019.

Activities of Corporate Management Committee

Corporate Management Committee of the Bank, follows up and oversees conformity with corporate management principles of the Bank, and makes suggestions to Board of the Directors and improvement activities in this subject. In this context, Corporate Management Committee of the Bank assessed Bank’s conformity with corporate management principles of the Bank for the year 2018, in a meeting held at January, 2019.

Treasury Operations

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

As in the previous years, in the first quarter of 2019, bonds and bills issuances in domestic markets continued to be realized in order to reach a diversified customer base. At this period, TL 1,8 billion of bonds were issued against the TL 2 billion redemption.

Gold deposits have continued to be on the rise reaching a size of 30 tons of overall volume at gold deposits transactions where customers make transactions intensively. Also, the last tranche of Gold Bond / Gold-based Lease Certificate issuances which has started on 17 December 2018 is being executed by Ministry of Treasury and Finance in order to bring gold under the pillow into the economy, continued during January 2019, in 81 provinces and in 216 districts with 306 branches.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2019
(Unless otherwise stated amounts are expressed in Turkish Lira (“TL”).)

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

VI. 2019 I. Interim Activities

Credit Rating Agencies

Credit Rating Agency	Category	Credit Grade	Date
Fitch Ratings	FC Long Term	B+	October 2018
	Outlook	Negative	
	FC Short Term	B	
	TL Long Term	BB	
	Outlook	Negative	
	TL Short Term	B	
	National Long Term	AA	
	Outlook	Stable	
	Support	4	
	Support Rating Base	B+	
Financial Capability Grade	b+		
Moody’s	Outlook	Negative	September 2018
	Long Term Deposit –FC	B2	
	Short Term Deposit –FC	Not-Prime	
	Long Term Deposit –TL	B1	
	Short Term Deposit –TL	Not-Prime	
	Long Term Bond –FC	B1	
	Long Term Bond –TL	B1	
	Basic Credit Note	b2	
Adjusted Basic Credit Note	b2		
JCR Eurasia	Long Term International FC	BBB -	October 2018
	Outlook	Negative	
	Long Term International TL Grade	BBB -	
	Outlook	Negative	
	Long Term National Grade	AAA (Trk)	
	Outlook	Stable	
	Short Term International FC	A – 3	
	Outlook	Negative	
	Short Term International TL Grade	A – 3	
	Outlook	Negative	
	Short Term National Grade	A-1+ (Trk)	
	Supporting Grade	1	
Independence from Affiliates Grade	A		

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

VI. 2019 I. 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, including the Ministry of Agriculture and Forestry. In this context, Facilitating access to direct finance especially to small-scale farmers, which constitute the most important link in the agricultural value chain, is one of the top priorities. In this purpose, projects are developed for diversifying the credit products and producing alternative collaterals from the farmer’s agricultural wealth.

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

TL 63,4 billion of loans for financing the agricultural sector

Ziraat Bank’s total floans from its own resources and intermediated loans of public funds for financing the agricultural sector, reached TL 63,4 billion by the end of the first quarter of 2019 and number of the customers who took out a loan reached over 763 thousands.

Our customers operating in the sector continue to use the loan with interest rates ranging from 0% to 8,25% per annum within the scope of subsidies determined on the basis of production subjects in line with the decree and communiqué on interest subsidized loans in the first three months of 2019.

In the first three months of 2019, subsidized loans amounting to TL 6,9 billion were used to 120 thousands producers and companies that are operating in agriculture sector.

In the first three months of 2019, the Bank provided to customers amounting to TL 3,6 billion in livestock production under various headings. By the end of the first quarter of 2019, the total amount of loans granted for animal production reached 24,2 billion TL.

In order to increase the level of mechanization of agricultural enterprises and efficiency and profitability in production, the Bank provides, tractor and agricultural mechanization loans. In the end of the first quarter 2019, there are tractor loans totaling TL 8,4 billion and mechanization loans amounting to TL 1 billion.

Young Farmer Academy

The Young Farmers Academy project, which was developed by the Bank and which will bring a new look to agricultural production and agricultural banking, was introduced to train young farmers in agriculture, to educate young farmers on agricultural production and investments and to raise awareness of entrepreneurship in agriculture. As a part of the bovine dairy farming training a total of 8 classes in Ankara, Ankara, Bursa, Şanlıurfa and Adana are opened in 2018 , three classes are opened in the first quarter of 2019 and 14 participant are still on training. In 2019, it still gets applications from Antalya, İzmir, Tekirdağ, Kayseri ve Kırşehir. Programme will be extended throughout the country.

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.

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

VI. 2019 I. Interim Activities (Continued)

Risk Management (Continued)

Within the scope of "Credit Risk Management with Advanced Methods Project ", studies are being carried out to calculate credit risk with an internal rating-based approach. In the Project, the modelling of risk parameters and the creation of the data architecture to be used for the calculation of the risk weighted asset amount. 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 to 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 accumulation of the society, continues to carry the mission undertaken in the sense of social responsibility one step further every year.

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

Ziraat Bank is chosen the most valuable bank brand in “World’s Most Valuable 500 Bank Brand-2019” research conducted by Brand Finance.

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, Ziraat Bank provided the necessary support to the health, education, service and sports activities in the first part of 2019.

Ziraat Bank has attached importance to art and artists since its establishment, under the motto of “In Art for Art” continues to carry out various activities in all areas of the arts. Some examples of the support it has extended to the arts since the 1990s include the Kuğulu and Tunnel Art Galleries for art lovers. A total of 10 exhibitions were opened in the Kuğulu Art Gallery in Ankara and the Istanbul Tunnel Art Gallery in 2019, which attracted more than 4,000 visitors.

The Bank is committed to meeting the demands and expectations of its customers in the best possible way and keep 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 first quarter of 2019, reaching over 2.050.000 likes and with approximately 350.000 followers on Twitter, over 150.000 followers on Instagram and over 64 million views of YouTube page and the effectiveness of Ziraat Bank in social media is increasing day by day.

As of 9 January 2019, the Bank introduced Combining Consumer Loan for those retail customers having difficulty in paying their credit card debts in the Bank and the other banks. Beside that financial structure of existing or new customers are made healthier and manageable, by the product it is aimed to extend credit card customer base of the Bank, increase market share and diversity revenue generation. By the first quarter, over 238 thousand customers are provided with 2,7 billion TL with the product mentioned.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKiYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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)

“Firm Subsidized 2019” application has been launched as of 17 December 2018, which offers housing credits with a firm subsidized pricing model for customers who would like to purchase new houses that are sold as complete or under construction by companies which have and active credit account with Ziraat Bank. The objective of this application is to allow customers to make use of a monthly interest of 0.98% for housing loan and to facilitate the housing firms’ repayment of their loans to the Bank by increasing their sales and continuity of their cash flows. In mentioned application, as of 31 March 2019, contracts for 2.909 projects have been made with 2.891 firms and 86,7 million TL is provided for 528 customers.

Digital Loan product that is offered in the Digital Transformation Programme framework continuing in the Bank has reached 185 million TL volume.

Taking sectoral trends and Bank’s dynamics into consideration, Ziraat Bank started a comprehensive payment systems development project at the end of 2016. The objectives of the project were defined as delivering card products with advanced technological infrastructure to a wide population, offering new product features and services which provide advantages to customers and conducting activities to make customer oriented process and infrastructure revisions at digital channels. Within the scope of this project, the bank’s new card brand, Bankkart was launched in the first quarter of 2018. With the launch of Bankkart, number of credit cards, income from credit cards and its prevalence has improved rapidly. As of the end of the first quarter of 2019, the number of Ziraat Bank credit cards was 6,3 million, with the Bank commanding a 9,44% market share in terms of the number of credit cards and a 5,45% market share in terms of turnover. Number of bank cards has reached 33 million and the Bank has kept its industry leader position with a trade turnover market share of 21,14%.

Bankkart which combines a debit card and a credit card in one plastic is a first in Turkey and which is equipped with saving and budget-friendly features, is redesigned especially for corporate customers. It is introduced in the first quarter of 2019 as a “ Bankkart Başak” namely. Number of corporate credit cards as of the first quarter of 2019 has reached 161 thousands.

For SMEs ,lifblood of the economy ,operating in all sectors but mainly in production and commerce in order to support working capital financially on easy terms, SME Value Loans and SME Value Loans 2 products are put into practice with other programme banks. SME Value Loan lendings are around 4,4 billion TL. Continuing SME Value Loan 2 lendings are over 2 billion TL.

At the end of the first quarter of 2019, number of digital customer of the Bank is 11,2 million, number of active mobile banking user reached. 1,8 million.

VIII. Economic Outlook in the World and Turkey

The first quarter of 2019 was a period of ongoing simultaneous slow-down in developed and developing economies along with increasing positive expectations about USA-China trade negotiations resulting in an agreement. In line with increasing concerns about slowing global economy, it has been observed that prominent developed economy central banks may temporarily cease monetary tightening.

At the beginning of 2019, USA data on economic activities have been of a mixed nature. The fact that the USA economy has been growing nine years in a row which points to the longest growth cycle in its history brings to mind the possibility that this cycle may change to a downward trend after this point. Thus, even though the USA yield curve turned negative during the first quarter; expansionist stance of central banks and expectations that the tension between Washington and Beijing will be relieved supported global risk appetite. In accordance with leading indicators which pointed out that the slowdown in global economy is still going on, FED declared that the interest rates will not be changed this year. FED is observed to stay patient when it comes to interest rates and it plans to end the process of shrinking its balance sheet by the end of September.

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

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

Growth performance of developing economies during the first quarter of 2019 has been especially shaped by the Eurozone slowdown. Along with the slowdown in the region becoming more apparent, ECB delayed the date for its first possible interest rate hike since 2011 to 2020. Germany was affected by the global economic slowdown and realised its weakest growth rate in the last five years. Italy which had a budget crisis with the EU in 2018 has entered into recession as well. The Euro Zone’s PMI data shows that the mild economic slowdown in the region is still continuing at the beginning of the second quarter of 2019 which is perceived as an indicator that shows the slowdown may go on for longer than expected. Uncertainty in the custom tariffs between USA and EU countries, high indebtedness in the region, uncertainty of the Brexit process and recent protests in France are some of the developments which strongly affected the European economy in the last quarter. Observing the loss of momentum in the region, ECB also initiated the TLTRO (long term refinancing operations) which provides long term, cheap funding. Uncertainty in Brexit continued during the first quarter and Brexit is delayed to 31 October 2019. In light of these developments, it can be predicted that ECB is going to continue its strong support for the economy and delay the process of normalization of its monetary policy.

Despite the ongoing slowdown in Euro Zone, expectations that the USA-China trade negotiations are going to result in a positive outcome and the partial recovery led by Chinese officials in the Chinese economy have been noteworthy. China PMI data which shows that the economic slowdown in the second largest economy of the world can be contained, indicates that the worst is behind for the global economy which is expected to simultaneously slow down this year. It is also important to note that the People’s Bank of China is generally expected to continue its cautious monetary policy despite the positive changes seen in China’s economy during the first quarter of 2019 which indicates a continuation of monetary policies aimed at supporting emerging markets in the mid-term. Despite lower demand and expectations for a slower global economy, oil prices rose nearly 30% due to geopolitical risks and tighter oil supply. This situation enables a positive deviation for commodity exporting countries.

Because of the tighter financial conditions’ effect on domestic demand and investments in 2018, Turkish economy slowed down compared to 2017 and grew 2,6%. As for the first quarter of 2019, leading indicators point out that the worst is behind us. Even though its contribution is less compared to last year, net exports will keep on limiting the slowdown in economic growth caused by falling domestic demand.

In line with CBRT’s tight stance, inflation rate stayed flat and core inflation rate improved with the contribution of weak demand conditions.

Government announced the new roadmap of the economy through the New Economic Programme Structural Transformation Steps. The programme contains a series of reforms such as supporting the financial sector to supply export and manufacturing focused lending, national unity in agriculture project which aims to fight against inflation and gradual decrease of corporate taxes.

The downward trend in CAD has continued during the first quarter of 2019. Net gold imports were weaker compared to last year which contributed to the decrease in CAD. Rising oil prices, on the other hand, partially limited the improvement in CAD. Despite that, it is expected that CAD will keep shrinking during the first half of 2019 and with the increasing tourism revenues from the month of May and on will make it possible for CAD to recede to single digit levels.

Even though expenditure based increases are observed in the budget balance during the first quarter, government who, with the help of the strong support of other income, were able to achieve the budget deficit/GDP target in 2018 are expected to keep the fiscal discipline through cost cutting and income supporting policies in the rest of 2019 as well.