THE ZIRAAT BANK MUSEUM - VIP HALL

Ziraat Bank

More than a bank

2019 INTEGRATED ANNUAL REPORT

CONTENTS

ABOUT THE REPORT

SCOPE OF THE REPORT

The integrated annual report, the first integrated activity report published by Ziraat Bank, addresses the economic, environmental and social performance of Ziraat Bank for the period January 1, 2019 - December 31, 2019 under a holistic approach. The report includes the Bank's banking activities and its domestic and international subsidiaries.

The report sets out Ziraat Bank's corporate strategy, foresight and goals for the future, and its ability to create long-term value, in a multifaceted and integrated perspective.

The 2019 integrated annual report includes detailed information on Ziraat Bank's governance approach, sustainability approach, interaction with its stakeholders, priority issues and the economic, social and environmental value it generates. In the report, the Bank's activities are covered within the framework of six different capital items in parallel with the classification of capital items proposed by the International Integrated Reporting Council (IIRC). Furthermore, within the scope of the United Nations Sustainable Development Goals (SDG), the elements directly or indirectly contributed by the Bank have been identified and reflected in the report.

The financial indicators in the report are derived from data disclosed in Ziraat Bank's independently audited, solo and consolidated financial statements.

PERIOD OF THE REPORT

This report, unless otherwise stated, covers the period between January 1, 2019 and December 31, 2019.

The data contained in this report constitutes benchmarking criteria for the integrated annual reports that Ziraat Bank will publish in the coming periods.

REPORTING CYCLE

Ziraat Bank publishes its Integrated Annual Report on an annual basis. The Bank plans to report its activities annually in the following years.

THE ZIRAAT BANK MUSEUM

TURKEY'S FIRST BANKING MUSEUM, WHICH SHOWCASES OUR LONG-ESTABLISHED PAST
The Ziraat Bank Museum is the first banking Museum in Turkey, exhibiting the long history of Ziraat Bank, which has witnessed almost every stage of the Republic.

THE ZIRAAT BANK MUSEUM WAS OPENED IN 1981 WITH THE AIM OF CARRYING THE BANK'S ACCUMULATION AND EXPERIENCE TO THE FUTURE.

The Ziraat Bank Museum was opened in 1981 in the Honor Hall on the ground floor of the Ziraat Bank General Directorate Building. The building was built in 1929 by the Italian architect, Giulio Mongeri, in the Ulus district of Ankara, and is one of the structures of the First National Architectural Period. The museum aims to carry the Bank's accumulation and experience to the future.

The Ziraat Bank Museum demonstrates the commercial, economic, political, cultural, artistic and educational changes of the Turkish banking system from its beginnings up to the present day, as well as the progress made over the years from the past to present, and it exhibits several antique objects which represent these features, and which were once used in the banking system, in a historic setting.

After the completion of the restoration work of the historical building, which started in 2017, the Ziraat Bank Museum was expanded with the inclusion of the basement on the ground floor and enriched with digital elements in line with the approach of being a modern museum, and the renewed museum opened its doors to visitors again in November 2019.

ENRICHED WITH DIGITAL ELEMENTS IN LINE WITH THE APPROACH OF BEING A MODERN MUSEUM, THE RENEWED MUSEUM OPENED ITS DOORS TO VISITORS AGAIN IN NOVEMBER 2019.

The ground floor is built with a concept that sets out the bank's chronology, with the traditional structure supported by digital applications intact. Among the precious articles displayed are our original "Homeland Fund" set up in 1863, the letters of Mithat Paşa explaining the necessity of the establishment of Homeland Fund to Dersaadet, the first journal written in 1889 and ledgers dating back many years, distribution and sales records, seals, law books, savings and deposits account pass book samples, typewriters, tax books and one of the most special works of our collection, the "Harman" (1928) painting by Ibrahim Çallı, which was specially commissioned for our General Directorate building.

The basement level layout is arranged in chronological order, like the Hall of Honor. In the Section of Heritage Inherited from the Ottoman Empire and Ziraat Bank in the Republic, there is a

map illustrating the spread of Ziraat Bank, which was founded in the town of Pirot in 1863, and which shows how the Bank continues to develop its activities in Turkey and around the world. This interactive map allows visitors to see the development and growth of our bank from the past to the present.

The Corporate Identity Section showcases the story of the Virgo emblem which we still use today, consisting of the ZB letters, which was chosen first in the competition organized by our Bank in 1961, in a narrative by Ayhan Akalp, who designed the emblem.

The Main Vault Room and the vault doors were made by the world-famous French company Fichet during the construction of the building. Due to the sheer weight of the vault doors and steel vaults, the vault rooms were built with the basement of the building, and the other floors were completed afterwards.

In the Digital Showcase Section, where the harmony between technology and history is exhibited in the most striking form, we play a game of saving money with our visitors through a digital screen and take them on a nostalgic journey through Ankara.

THE CORPORATE IDENTITY SECTION SHOWCASES THE STORY OF THE **VIRGO EMBLEM IN A NARRATIVE** BY AYHAN AKALP, WHO DESIGNED IT.

Our bank is home to one of Turkey's most important art collections. The Ziraat Bank Collection, which covers all branches of the Fine Arts and contains works from the changing art movements that have evolved and developed since its foundation, also has a documentary feature. We also present Art Collection of Ziraat Bank, which has been enriched since 1926, to art lovers on a digital screen.

The Radio Room, where radio programs broadcasted under the sponsorship of our Bank in the 1960s and 1970s can be heard, is one of the most impressive areas of our museum. This room is arranged with items used in our bank in previous years. In the Radio Room, we carry the past to the present day with programs such as the Zeki Müren Special Program, The Sound of This Land, Hand in Hand with Our Farmers, Joy and Music with Orhan Boran, A Skit Every Week and Selections from World Tales.

We have created a small cinema in another room where Events of the Month films can be watched. Events of the Month include the news presented to the audience before the film screenings in all cinemas throughout the country by compiling the important events of the relevant month under the sponsorship of our Bank, starting from 1967 and continuing until 1989.

A section of the Corporate Communication and Architecture room introduces Guilio Mongeri, the architect of the Eskişehir, Adana, Aydın, Kütahya and Manisa branch buildings, as well as our Historical Building, is introduced in a section of the museum. Another section offers visitors the chance to watch all of our TV commercials which have been broadcast, from past to present. In addition, our visitors have the opportunity to review “posters”, “newspaper advertisements” and the “Ziraat Post” in this room. The Ziraat

Post was printed by the Bank from 1964 until 1981, and is the first newspaper to be distributed free of charge to villages, containing useful information in the fields of agriculture, banking and cooperatives.

In the Children's Event Area, we explain the historical development of both money and the bank with animated films, while reinforcing this narrative with mechanical games.

Our visitors are presented with a feast for the eyes with the digital mapping applied on the model of Ziraat Towers which are under construction in the Istanbul Financial Center.

In the Safe Deposit Boxes Section, historical documents and items belonging to Mustafa Kemal Atatürk were stored in safes No. 1 and No. 2 immediately after his death. The items were kept in the safes of the Central Branch of our Bank and then handed over to the General Staff in 1964 in accordance with a decision taken by the Council of Ministers. In addition, some items belonging to Adnan Menderes which had been removed from the suitcase of the Ercüment Yavuzalp, who was the Principal Clerk of the late Prime Minister, Adnan Menderes, and which had been delivered to our Bank in 1960 to be kept in the Central Branch safe, are also displayed in our Safe Boxes section.

The Ziraat Bank Museum is open to visitors between 10 am and 5 pm every day of the week except for official and religious holidays, and Mondays.

Entrance to the museum is free. Reservations are required for school and group visits.

THE ZIRAAT BANK MUSEUM - CONTACT INFO

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No: 8, 06050 Altındağ-Ulus / ANKARA - TURKEY

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ZIRAAT BANK ADVANCES ITS STATURE AS THE BIGGEST AND STRONGEST NATIONALLY-OWNED BANK YEAR AFTER YEAR.

ZIRAAT BANK - MORE THAN JUST A BANK
Ever since its incorporation in 1863, Ziraat Bank has secured itself a select position among the greatest supporters of all actors taking place within the economic cycle in Turkey. Always standing by, first and foremost, farmers, and then by merchants, businessmen, entrepreneurs, retirees and employees, the Bank constantly produced value and acted as the driver of economic development thanks to its activities.

Ziraat Bank commands an extensive portfolio of domestic and international affiliates engaged in the areas of banking, insurance, private pension, investment services, portfolio management, venture capital, real estate investment trust and financial technologies. This solid structure consolidates the Bank's integrated financial services delivery capability.

Providing service as the one and only bank in almost 400 districts and sub-districts and having the most extensive service network in the country, Ziraat Bank is a regional power and a major global actor with its presence in 108 locations across 18 foreign countries.

In an intensively competitive sector with a significant international capital presence, Ziraat Bank advances its stature as the biggest and strongest nationally-owned bank year after year. The Bank continues to shape the Turkish banking sector with its rich variety of products and services, unrivaled market knowledge and experience, the synergy created with its subsidiaries, superior human resource and robust financial structure.

Ziraat Bank offers its customers superior and high quality services in the fields of commercial, SME and retail banking with its:

- 1,758 branches in Turkey and abroad,
- 24,563 employees,
- 7,243 ATMs in Turkey and abroad,
- Internet Banking (Retail and Commercial Internet Banking),
- Mobile Banking (Ziraat Mobile, Ziraat Tablet),
- Telephone Banking,
- SMS Banking.

Taking strong strides in keeping with its strategy of being a global player, Ziraat Bank holds a prestigious and efficient position in international banking arena in which it has been active for many years. Operating at 108 locations in 18 countries around the world, the Bank has a broad service network, consisting of 9 international and 8 domestic subsidiaries, 24 foreign branches and one representative office.

The financial and operational performance the Bank recorded in 2019 on the back of its intensive efforts carried out in line with its efficient and sustainable growth target once again exhibited the Bank's capability to generate added value.

Ziraat Bank's total assets increased by 21% YoY in 2019 to reach TL 650 billion. The Bank successfully achieved its missions varying from maintaining the macroeconomic balance to providing funds for the real sector.

The Bank will continue to generate more for its customers and employees and contribute to the development of the Turkish economy and the banking sector, remaining on course towards the corporate goals it has defined in its strategic roadmap also in the coming period.

ZIRAAT BANK'S SHAREHOLDING STRUCTURE
Turkiye Wealth Fund is the sole shareholder of the Bank.

Neither the Chairman or Members of the Board of Directors, nor the members of the Audit Committee or the CEO or Deputy Chief Executives have any shareholding in the Bank.

OUR VISION

BE A BANK THAT HOLDS CUSTOMER SATISFACTION TO BE MORE IMPORTANT THAN ANYTHING ELSE

To be a leading bank that is universal, respected and has high market value; a bank that provides extensive, reliable service everywhere in Turkey and the world at the same quality, and meets the needs of every segment; a bank that sees human resources as its most valuable asset; a bank that continuously makes a difference and creates value in a way that befits its deep-rooted past; a bank that promises more from a bank at every stage and serves as a model for its competitors.

OUR MISSION

BE A LEADING BANK THAT IS RESPECTED AND HAS HIGH MARKET VALUE

To be a bank that understands customer needs and expectations, thereby offering them the best solutions and value proposition from the most appropriate channel; a bank that brings to every segment of society a wide range of products and services in the fastest, most effective way through its extensive network of branches and alternative distribution channels; a bank that operates with profitability and productivity at global standards by recognizing its ethical values and social responsibility; a bank that holds customer satisfaction to be more important than anything else.

OUR STRATEGIES

BANKING FOR EVERYONE - banking products and services provided everywhere in Turkey

- To be "Morale Bank" that derives satisfaction and happiness from working with its customers,
- To provide universal service at the same high level of quality everywhere in the world,
- To manage its agricultural - especially industrial agricultural financing more effectively,
- To ensure organic growth in the local and global distribution network.

EFFECTIVE BANKING - a performance that is strong and aligned with profitability and productivity principles

- To ensure the optimization of sectoral distribution in the portfolio of the corporate customer,
- To proactively manage credit quality through more effective credit processes,
- To ensure effective business and expenditure management.

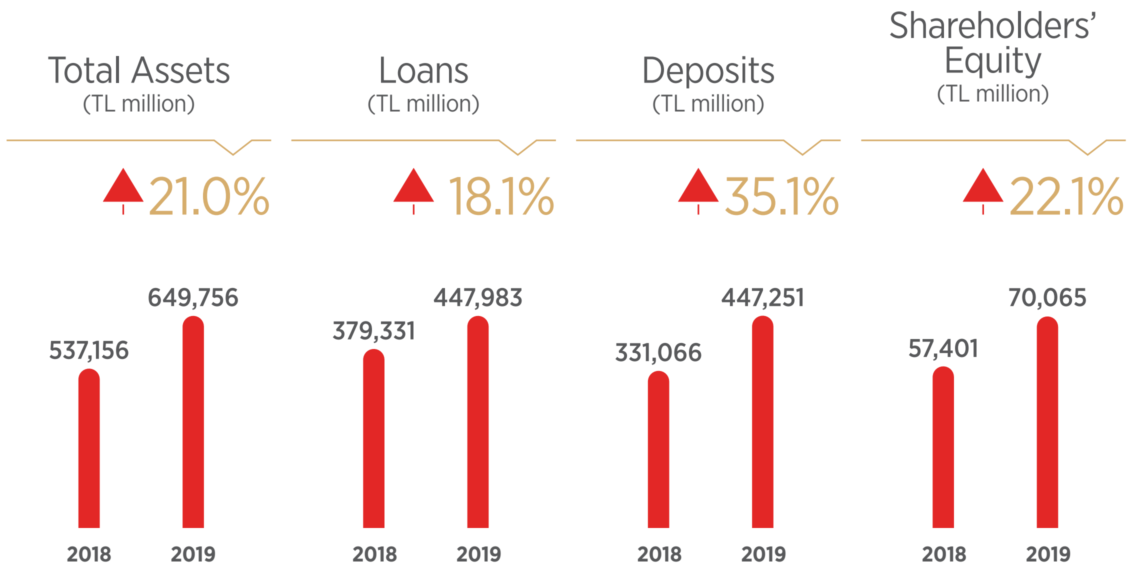
GLOBAL PLAYER - extensive foreign operations following its vision of modern international banking

- To obtain a rapid increase in the share of foreign trade transactions sector,
- To provide global level value to customers,
- To more effectively integrate with the international financial structure,
- To be in the markets of North Africa, the Middle East, the Gulf Region and the Far East.

KEY INDICATORS (ECONOMIC, ENVIRONMENTAL, SOCIAL)

FINANCIAL HIGHLIGHTS

(TL million)	2018	2019	(%) Change
Liquid Assets	46,237	57,389	24.1
Securities Portfolio*	88,681	130,335	47.0
Loans	379,331	447,983	18.1
Deposits	331,066	447,251	35.1
Non-deposit Sources	117,953	106,476	-9.7
Shareholders' Equity	57,401	70,065	22.1
Interest Income	53,054	65,602	23.7
Interest Expense	31,138	40,290	29.4
Net Profit/Loss	7,961	6,187	-22.3
Total Assets	**537,156**	**649,756**	**21.0**



ZIRAAT BANK'S MARKET SHARES

ZIRAAT BANK'S MARKET SHARES

Market Share (%)	2018	2019
Total Assets	13.9	14.5
Securities Portfolio	18.0	18.8
Loans	14.9	15.6
Deposits	15.3	16.6
Non-Deposit Sources	11.8	10.4
Shareholders' Equity	13.6	14.2

KEY INDICATORS (ECONOMIC, ENVIRONMENTAL, SOCIAL)

ENVIRONMENTAL HIGHLIGHTS

GHG Emissions Intensity
(tCO_2e/ TL million Turnover)

0.13

Waste IT Sent for Recycling
(kg)

14,340
(9,800 units)

Waste Paper Sent for Recycling
(1,250 tons)

1,250

Financing of renewable energy and energy efficiency projects

In loan agreements with IFC or EBRD consortiums:
Commitments to comply with IFC Performance Standards, EBRD Performance Requirements and Equator Principles

SOCIAL HIGHLIGHTS

Human Resources and Training

Number of Bank Employees

24,563

Total Number of Ziraat Finance Group Employees

28,325

New Hires in 2019

608

Average Classroom Training Per Person (hours)

13.35

Number of e-Learnings Assigned Per User

41

Corporate Social Responsibility

Number of art works in Ziraat Bank's Painting Collection: 2,500 +	**Ziraat Bank Museum**	**Ziraat Turkish Cup**
Ziraat Volleyball Team	**Ara Güler Retrospective (England, France, Japan, USA, Italy and Somalia)**	

Brand and Reputation Management

Numerous Corporate and Thematic Advertising Films	**Visual Identity Supervision - All Branches**	**Customer Satisfaction Survey**

Ziraat Bank on social networks (as of 2019)
- More than 2,160,000 likes and followers on Facebook
- More than 396,000 followers on Twitter
- 169,000 followers on Instagram
- More than 70,000,000 views on YouTube

ZIRAAT BANK IS THE DRIVING FORCE OF THE BANKING INDUSTRY AND THE MOST IMPORTANT BUILDING STONE IN ITS DEVELOPMENT.

1863-1888
- On 20 November 1863, Mithat Paşa spearheads the establishment of Memleket Sandıkları (Homeland Funds) in the town of Pirot, which later served as the core from which Ziraat Bank grew.
- Turkey's first statutorily regulated credit system is launched.
- Mithat Paşa's Homeland Funds are reconstituted as Menafi Sandıkları (Benefit Funds) to become stronger and more sustainable.
- Ziraat Bank's Headquarters are opened in İstanbul.

1889-1913
- Ziraat Bank extends credit to the Imperial Treasury for the first time.
- Ziraat Bank supplies credit to supply grain to needy refugees and others in drought-stricken İzmit.
- A project to fund purchases of European agricultural equipment using Ziraat Bank's capital is studied.
- Ziraat Bank offices are opened in Kerek, İpek, Prizren, Timişoara and Karacasu.
- Ziraat Bank provides drought-stricken Kosovo farmers with low-cost credit on convenient terms.
- Ziraat Bank opens a branch in Medina.
- Ziraat Bank branches open in Baghdad and Basra.
- Ziraat Bank branches provide earthquake-stricken farmers with loans.

1914-1938
- Ziraat Bank begins lending to commercial enterprises.
- The first seed-finance loans are provided.
- First general deferment is granted on agricultural loans.
- With the opening of the Grand National Assembly in Ankara, the city's Ziraat Bank branch is made responsible for the administration and oversight of all Bank branches and offices in localities controlled by the Nationalists.
- Control of Ziraat Bank's İzmir and İstanbul operations are given to Ankara.

1939-1963
- Work is completed on the set of operational regulations called for by Statute 3202. Consisting of 198 articles, the regulations governing the operations of Ziraat Bank go into effect.
- Ziraat Bank becomes a member of Confédération Internationale du Crédit Agricole (CICA), a non-profit worldwide association of banks and other entities interested and involved in rural financial processes.
- Under Statute 7052, Ziraat Bank is authorized to restructure agricultural loan repayments.

1964-1988
- Ziraat Bank's representative office opens in Hamburg.
- Ziraat Bank opens its Lefkoşa, Gazi Mağusa and Güzelyurt branches in the Turkish Republic of Northern Cyprus.
- Ziraat Bank's representative office in New York is transformed into a branch while new offices are opened in Duisburg, Berlin, Munich, Stuttgart and Rotterdam.
- Under the Ziraat Bank 86 project, the first steps to adapt improvements in technology to banking services so as to deliver them faster, more efficiently and at better quality are taken with the automation of a total of 7 branches located in Ankara and İstanbul.
- Ziraat Bank ranks 452nd among "The World's 500 Biggest Banks as Measured by Equity" according to Euromoney, a magazine.,

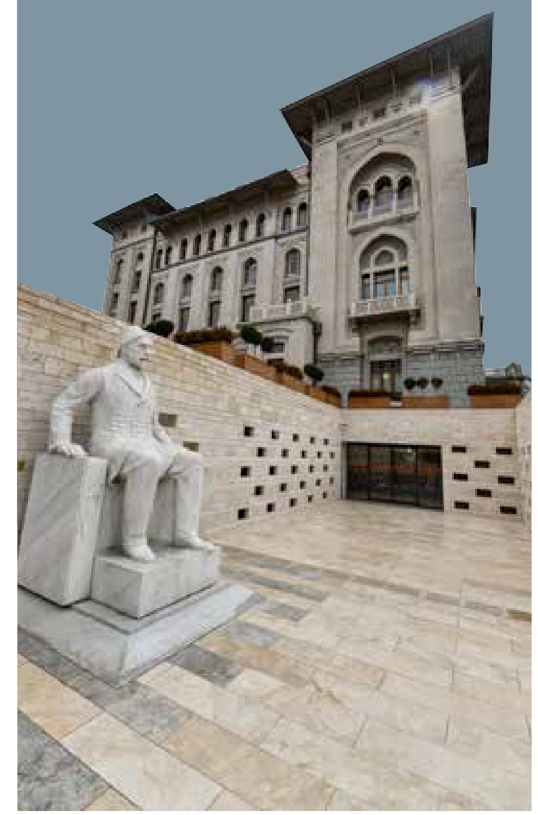
1989-2012
- The Ziraat Bank Banking School begins instruction in order to keep the Bank supplied with the qualified human resources that it needs.
- The first investment fund (Fund I) was established.
- Gold sales were initiated under the name of Ziraat Gold. The first consumer loan was issued, along with the first credit card. The Bingöl-Muş Rural Development Project was initiated.
- As well as ATM machines, foreign currency exchange machines were brought into service for the first time in Turkey, along with self-service information terminals, voice messaging systems and the Bingöl-Muş Rural Development Project, which included a branch not requiring human staffing, aiming to provide uninterrupted 24-hour service.
- Ziraat Bank Moscow, Kazkommerts Ziraat International Bank (KZI Bank), Turkmen Turkish Commercial Bank (TTC Bank) and Uzbekistan Turkish Bank (UT Bank) were established and entered operation.
- Ziraat Bank was ranked 202nd in Euromoney's "Top 500 Banks", 41st in terms of net profit, and the world's first in terms of its return on equity. Moreover, the Bank ranked 12th in the "World's 50 Most Rapidly Developing Banks" listing.
- The Sofia Branch entered operation.
- The Stuttgart, Hannover, Frankfurt and Duisburg representative offices began to operate as branches. Newly-launched banking software makes it easier to create and offer new products and services.
- Turkish-Ziraat Bank Bosnia DD receives Visa and Europay International licenses and begins processing Visa acquiring and issuing transactions for the first time in Bosnia-Herzegovina in coordination with Ziraat Kart A.Ş.
- The Law numbered 4603 passed on 25 November 2000 paved the way for Ziraat Bank to be transformed into a joint-stock company.
- The scope of the banking software centralization project (Fin@rt) is expanded.
- In Greece, the Athens and Komotini branches entered operation.
- The Bank announced TL 3,511 million net profit, the highest profit ever announced by a Turkish company until 2009.
- Branches were opened in Baghdad, Erbil and Jeddah.
- Ziraat Bank purchases the rights to the Turkish Cup name.
- Ziraat Bank launches its "Together, to a Better Future" Change & Transformation Project.

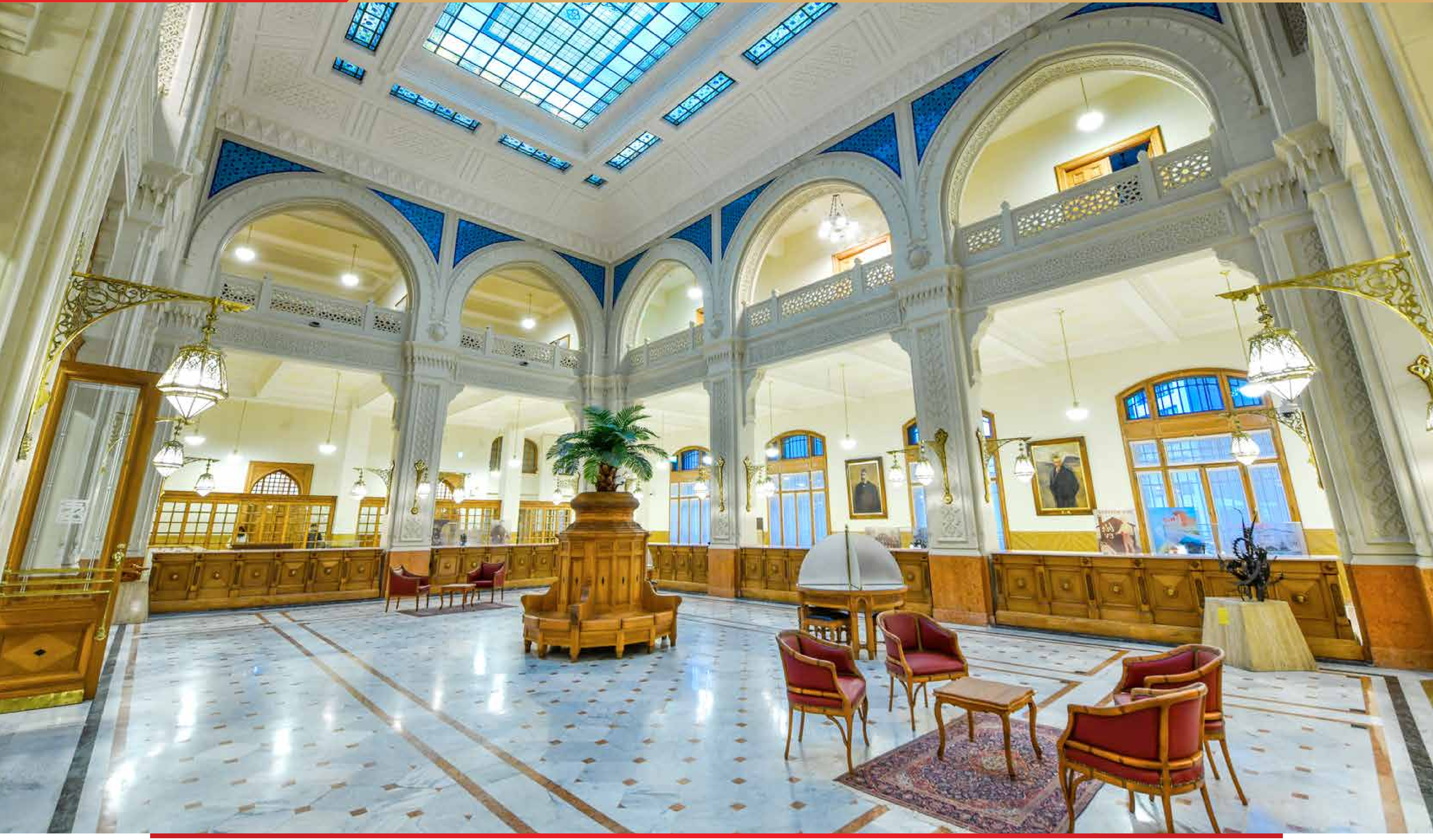
2013-2016
- Ziraat Bank celebrates its first century and a half in business with its employees.
- On 30 September 2014, the Board of Directors approved and announced the Sustainability Policy which summarizes Ziraat Bank's sustainability vision, goals and approach and defines the Bank's stance on the pillars of the environment, society and products and services.
- Ziraat Bank published its first sustainability report, which was GRI rated at A+ standards.
- Ziraat Bank tops the 2014 corporate income tax league table.
- Ziraat Participation commences operations.
- The Bank's Pristina Branch opens in Kosovo.
- Ziraat Bank Azerbaijan ASC commences operations.
- Ziraat Bank is designated "Europe's 2nd Most Robust Bank".
- Ziraat Bank Montenegro AD commences operations.
- In keeping with its principle of sustainable profitability, Ziraat Bank reports 2015 profits amounting to TL 5,162 million, the highest of Turkish banking sector.
- The Marneuli Branch in Georgia and the Bahrain Branch in Manama/Bahrain were opened.
- Ziraat REIT joined the Ziraat Finance Group and began operations.
- Ziraat Bank wrote a net profit of TL 6,576 million in 2016, while reporting TL 358 billion of assets at the end of 2016.

2017
- In 2017, the Georgia branch was restructured into a new bank and JSC Ziraat Bank Georgia was established.
- The name of the subsidiary bank in Uzbekistan, in which Ziraat Bank's share in the capital increased to 100%, was changed to Ziraat Bank Uzbekistan JSC.
- Ziraat Bank was awarded in the "Best Use of Data Analytics" category in the "2017 Global Retail Banking Awards" organized with the participation of more than 200 banks worldwide.
- Ziraat Bank was again named the top brand in the banking category in 2017 in Turkey's Lovemarks 2017 survey.
- Ziraat Bank reached an asset size of TL 434 billion in 2017.
- Ziraat Bank achieved the biggest increase its brand value of any Turkish bank in the "World's Most Valuable 500 Bank Brands 2017" survey conducted by Brand Finance.
- Ziraat Bank received five awards at the Stevie Awards, the world's most prestigious business award program.

2018
- The Bank's own brand Bankkart was launched in the first quarter of 2018.
- Ziraat Bank was selected the "Most Loved Bank of 2018" at Turkey's Lovemark Survey, receiving the same award for three consecutive years.
- Ziraat Bank has been the bank which increased its brand value most among Turkish banks for the second time.
- Young Farmers Academy project, which was developed by the Bank to bring a new perspective to agricultural production and agricultural banking, was launched with the objectives of increasing young population's interest in farming, teaching specific topics in agricultural production and investment, raising conscious young farmers and creating an awareness of agricultural entrepreneurship.
- Ziraat Girişim Sermayesi Yatırım Ortaklığı Anonim Şirketi (Ziraat Venture Capital Investment Trust) has been established as a subsidiary of the Bank and transactions related to establishment were completed with its registration notice published in the Turkish Trade Registry Gazette on 14 November 2018.
- The asset size of Ziraat Bank reached TL 537 billion in 2018 exceeding the half trillion mark.

2019
- Ziraat Bank's asset volume increased by 21% compared to 2018 to reach TL 650 billion.
- Ziraat Bank became the bank to have the highest brand value in Turkey.
- Ziraat Bank was named as the most loved bank brand in Turkey for the fourth time in a row.





MESSAGE FROM THE CHAIRMAN OF THE BOARD

Distinguished stakeholders,

Despite the initially fluctuating progress, 2019 has been recorded as a year in the last quarter of which important uncertainties such as Brexit and the ongoing trade agreement between USA and China have been partially resolved. Even though the commercial tension between USA and China has eased up to a point, the fact that creating a solution for structural differences has been left to the future causes uncertainties to continue albeit in a less intense way. Along with these developments, it can be seen that, through supportive measures, central banks tend to contribute to efforts of lowering the negative effects a possible global economic slowdown might cause.

The FED which cut rates three times during 2019 is first and foremost expected to monitor the reflection of rate cuts on the economy and due to the fact that the desired growth and inflation levels still have not been reached, a preference for fiscal measures is expected in the Euro Zone rather than further deepening current negative rates. The Bank of England, on the other hand, which is struggling with problems that come with Brexit, is expected to support its economy with rate cuts this year.

Led by emerging economies, global economy which saw the lowest growth rates of the last ten years in 2019 is expected to achieve recovery without inflation. Geopolitical risks, Political risk in Europe and USA presidential elections will probably lead central banks to maintain their expansionist stances this year as well, with additional economic support from governments through fiscal incentives. All of which will reflect positively on developing economies by ensuring continuous capital flows.

For the Turkish economy, 2019 has been a period where financial volatility, risk premiums, local and foreign borrowing costs have considerably declined and fragility has been reduced by lower inflation and better current account balance. Monetary policy has kept supporting the economy through strong rate cuts last year and positive outcomes of the economic rebalancing have been started to be observed. As a result of that, international institutions have positively revised their growth expectations for Turkey and Fitch Ratings increased our credit outlook. Rating increase is expected to be considered with continuing fiscal discipline and recovery in our risk premium indicators.

In 2019, the budget deficit has been maintained below the Maastricht criteria while economic activity has kept being supported through fiscal measures and incentives. In 2020, fiscal and monetary policies are expected to be implemented in a coordinated way which will keep supporting disinflation and growth. With the distance covered in terms of inflation and current account balance and contribution of the low base, potential growth rate is expected to be reached very quickly.

Aware of the fact that banks are one of the most important factors which affect economic performance and the sense of responsibility that comes with it, Ziraat Bank, in line with its strategy of contributing to economic growth, increased its loans much faster compared to the sector and did so through TL loans. Loans have been selectively extended to areas which experience difficulties in terms of access to finance but highly contribute to economic growth, the current account balance and production. In order to promote TL savings, Ziraat Bank designed and offered special deposit products for its customers.

As the leading bank of our country, Ziraat Bank will maintain its selective credit policy and keep on contributing to our economy in the coming periods as well.

AWARE OF THE FACT THAT BANKS ARE ONE OF THE MOST IMPORTANT FACTORS WHICH AFFECT ECONOMIC PERFORMANCE AND THE SENSE OF RESPONSIBILITY THAT COMES WITH IT, **ZIRAAT BANK, INCREASED ITS LOANS MUCH FASTER COMPARED TO THE SECTOR AND DID SO THROUGH TL LOANS.**

DR. AHMET GENÇ
Chairman of the Board

CEO'S MESSAGE

Distinguished stakeholders,

In the first half of 2019, we experienced effects of negative foreign and geopolitical developments on inflation, interest and currency rates. But the outcomes of economy management's precautions have started to be observed from the third quarter on. It can be seen that the rebalancing period of the economy and by extension the markets has ended successfully.

In 2019, our Bank's cash loans increased by 18% and reached TL 448 billion. We keep on presenting our customers with new products which are designed with the aim of increasing TL loans and savings in our economy. With that perspective, our TL loans increased by 27% and 30% of the sector's loan growth has been achieved by Ziraat Bank.

Believing that extending our loans selectively to certain sectors and specializations is very important in terms of creating more value, we have focused on our strategy of providing financing in a way that will support agriculture, employment, production and current account balance.

In that regards, along with our regular agricultural loans, we have designed and presented our customers with agricultural loan products that aim to develop more efficient greenhouses, increase local farming of heavily imported produce and decrease input costs of animal breeding. In order to be more efficient in "from farm to plate" value chains and come up with effective solutions to structural problems of the agricultural sector, we actively collaborate with related institutions, organizations and private sector actors.

We keep developing our loan policies which focus on supporting local production through special auto loans for domestic vehicles, financing packages for supporting domestic machinery and equipment and financing solutions for small and medium enterprises which are important factors of production but tend to have problems in terms of access to finance.

In 2019, we have also considerably relieved an important financing constriction with our BİRLEŞTİREN İHTİYAÇ KREDİSİ specifically designed for our retail customers who are going through financial difficulties due to credit card debt. We have pioneered housing loan rate decreases and extended a considerable amount of housing loans. We have also supported the construction sector which highly contributes to employment as well as other sectors. When Ziraat Bank is excluded, it can be observed that overall housing loans have decreased in 2019. We are also pleased to see that the current housing loan rates in the sector have reached the levels we have initially designated.

We have presented our customers with floating rate loan products linked to CPI, government debt securities and TLREF, for which our customers showed significant interest. Similarly, in line with our objective of supporting TL savings, we have started offering CPI linked deposit products for our customers and reached a considerable magnitude in floating rate deposits.

While continuing our investments in the most widespread branch network on a domestic level, we especially increase our investments in digital banking. The number of our mobile banking customers has reached 9 million while our active internet banking customers reached 2 million.

We continue offering our services in 18 countries through our bank and international branch network. Aside from that, we have a correspondent banking network of 1,750 financial institutions from more than 140 countries. Ziraat Bank is standing with and supporting its customers throughout the world. We access a considerable amount of financing through our international network and support local investments with it. We have rolled our USD 1.4 billion syndicated loan facility with the participation of 40 banks from 22 countries. We have reached a wholesale funding base of USD 12 billion through post financing, bilateral loans, syndicated loans, international financial institutions and repo transactions.

ZIRAAT BANK WILL KEEP ON EFFECTIVELY SUPPORTING BANKING SECTOR'S AND OUR ECONOMY'S SUSTAINABLE DEVELOPMENT IN THE COMING YEARS.

As the leading bank of the banking sector in many aspects, Ziraat Bank is one of the most important assets of our country. Our Bank maintains its main strategy of creating ever more added value for itself and our economy. Ziraat Bank will keep on effectively supporting banking sector's and our economy's sustainable development in the coming years.

Our Bank which sets a fine example in terms of corporate governance, reporting and transparency for the sector and the business world, takes an important step for reporting practices this year and publishes its first Integrated Annual Report. I would like to thank our employees whose dedicated contributions have been invaluable towards achieving our successes and our customers for their trust.

HÜSEYİN AYDIN
Member of the Board and CEO


TÜRK HALKI VE
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SUSTAINABILITY PRACTICES ARE TARGETED TO FURTHER BUILD ON THE BANK'S STRONG POSITION IN THE DOMESTIC MARKET AND ITS GLOBAL COMPETITIVE STRENGTH.

ZIRAAT BANK IS FOCUSED ON PROMOTING, DEVELOPING AND MAINTAINING SUSTAINABILITY THROUGHOUT THE ENTIRE VALUE CHAIN.

SUSTAINABILITY VISION

To use our unrivalled experience and know-how we built in more than 150 years for the benefit of the economy, the environment and society; to produce enduring values for our stakeholders and become a globally-competitive bank through the principles of sustainable profitability and efficiency.

SUSTAINABILITY TARGET

To further develop both the Bank's strong position in the domestic market and its global competitive strength by increasing the medium- and long-term leverage effect of the Change and Transformation Project through corporate sustainability practices to be implemented under the Sustainability Policy.

SUSTAINABILITY APPROACH

Ziraat's sustainability approach is shaped in the light of its responsibilities as a financial services provider, its liabilities towards the environment and the society, and its duties as an employer.

- Ziraat Bank is a strong, leading and trusted bank. The Bank desires to perpetuate its existing success in economic sustainability into the future by supporting it with long-term environmental and social sustainability perspectives.
- In decision-making processes, the Bank takes a careful and thoughtful approach when dealing with environmental and social issues and the potential risks associated with them in the management of resources and the service infrastructure.
- The Bank considers environmental sustainability, including climate change and the transition period to low carbon economy, an important item on its agenda.
- As an employer, Ziraat Bank believes in the importance of human-oriented working conditions. In its business model, the Bank gives importance to equality of opportunity among all of its employees and regards diversity in its workforce as a component of Ziraat Bank's richness and therefore supports it.
- As a service provider, Ziraat Bank regards customer focus and customer satisfaction as being fundamental to everything. The Bank's goal is to offer banking products and services to all of its customers in formats that are practical, intelligible, and accessible and also to enrich the banking industry through innovative and exemplary practices.
- Ziraat Bank is determined to develop its relationships with suppliers on the grounds of the principles of mutual respect, responsibility, and fairness, and supports the success of its suppliers with the projects it delivers as a business partner.
- Ziraat Bank integrates universally recognized principles of sustainability in its business model and develops and implements projects accordingly.
- Ziraat Bank attaches importance to having a presence and play an active role in multilateral sustainability initiatives and collaboration platforms at both the national and international levels.

Building upon these core considerations, Ziraat Bank is focused on promoting, developing and maintaining sustainability throughout the entire value chain.

SUSTAINABILITY STRUCTURE

Established under the auspices of the Ziraat Bank Board of Directors, sustainability plans have been enforced within a lean and efficient organizational structure.

- The sustainability activities at Ziraat Bank are executed under the leadership of the Bank's CEO.
- Sustainability activities are monitored by the Enterprise Architecture Department.

ZIRAAT BANK WEBSITE

The Bank's corporate website at www.ziraatbank.com.tr plays an important role in enlightening the public with up-to-date information. Ziraat Bank offers information and documentation in Turkish and English on the website within the scope of compliance with the Corporate Governance Principles.

ZIRAAT BANK'S POLICIES

For the Sustainability Policy

For the Disclosure Policy

For the Prevention of Money Laundering and Combating Terrorism Financing Compliance Policy (AML Policy)

ZIRAAT BANK'S VALUE CREATION MODEL

INPUTS

1 **FINANCIAL CAPITAL**
Strong equity and financial structure, Widespread customer and deposit base, Effective use of capital markets, Cooperation with international financial institutions.

2 **MANUFACTURED CAPITAL**
Turkey's largest banking service network, Infrastructure providing customer and data security.

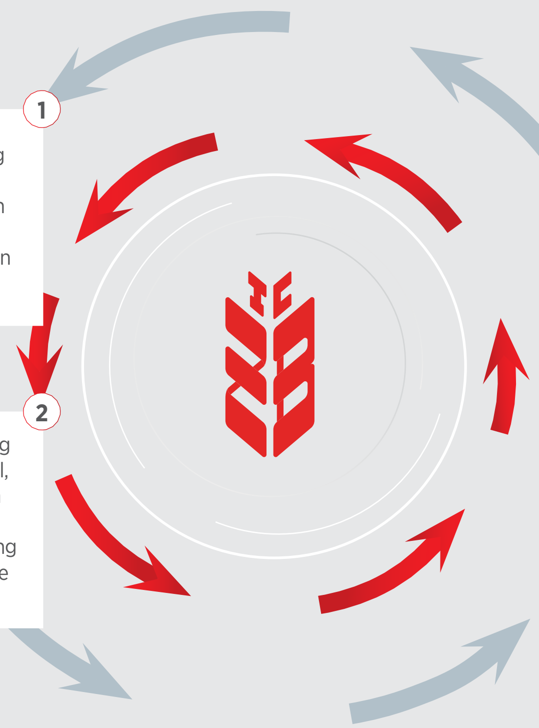
3 **INTELLECTUAL CAPITAL**
Ziraat: a brand synonymous with trust, Corporate knowledge built in 156 years, Products and services supported by digital projects and innovation.

4 **HUMAN CAPITAL**
High-level human resources offering customers the right value from the right channel at the right time with its superior market knowledge and experience.

5 **SOCIAL AND RELATIONSHIP CAPITAL**
Effective communication with stakeholders, A network offering access to financial services across Turkey, Wide impact area thanks to the rich array of services offered by the Ziraat Finance Group.

6 **NATURAL CAPITAL**
Studies carried out to control direct and indirect environmental effects, to manage and continuously improve them with the right strategies and technologies.

VALUE CREATION MODEL



1 PRODUCT AND SERVICE OFFERING ACTIVITIES
Business processes targeting the sustainability of the rich product, service and solution range and shaped by the digital change and innovation approach.

2 MARKETING ACTIVITIES
Business processes delivering customers in the commercial, SME and retail banking main segments products, services and solutions that have strong value proposition, and secure financial future.

3 OPERATIONAL ACTIVITIES
Business processes that enable providing services to customers through Turkey's most extensive branch and ATM network, and digital channels with 7/24 access.

4 SUPPORT ACTIVITIES
Business processes that make the Ziraat Bank Value Creation Model work, such as Human Resources, IT, Supply Chain and Risk Management.

FINANCIAL HIGHLIGHTS

TL 650 billion
Total Assets

TL 448 billion
Cash Loans

TL 447 billion
Deposits

TL 6.2 billion
Net Profit

THE VALUE WE CREATE FOR OUR STAKEHOLDERS

FINANCIAL CAPITAL

Strong support to the Turkish economy and real sector - 30% of the sector's loan growth has been achieved by Ziraat Bank.

Total international funds secured: USD 11.2 billion

CAR: 17.02%

MANUFACTURED CAPITAL

Operating in 18 countries and 108 locations, 9 foreign subsidiaries and 1 representative office, 24 branches abroad and 8 subsidiaries in Turkey

1,758 branches and 7,243 ATMs in Turkey and abroad

Internet Banking

Mobile Banking

Telephone Banking

SMS Banking

INTELLECTUAL CAPITAL

Digital banking customers: 14 million

Active mobile banking customers: 9+ million

Active internet banking customers: ~ 2 million

Number of transactions performed via the Operation Center: 191+ million, overall centralization ratio: 99.7%

OPI-Operational Innovation Application

HUMAN CAPITAL

Ziraat Bank: 24,563 employees

Ziraat Finance Group: 28,325 employees

Average classroom training: 13.35 hours per person

e-learning per person: 21.87 hours

Unionization rate: 90%

SOCIAL AND RELATIONSHIP CAPITAL

16% market share with ~ 1 million participants and a volume of TL 2 billion in Individual Pension Auto Enrollment System

Number of Bankkart Başak commercial cards: 474 thousand

NATURAL CAPITAL

Greenhouse gas intensity (tCO_2e/million TL turnover): 0.13

Recycled IT products: 14,340 kg (9,800 units)

Recycled waste paper: 1,250 tons

ROOTED HISTORY, STRONG FOUNDATIONS

Ziraat Bank has a broad portfolio of domestic and international subsidiaries in the fields of banking, insurance, private pension, investment services, portfolio management, venture capital, real estate investment trusts and financial technologies. This strong structure reinforces the Bank's ability to provide integrated financial services.

DRIVING FORCE

Turkey's oldest bank, Ziraat Bank's robust financial structure, vast experience, qualified human resources and ability of providing integrated financial services ensure that its strategies are implemented seamlessly and accurately across the entire value chain and that the business model delivers successful results.

ADDITIONAL VALUES

- STRONG BRAND VALUE
- SOUND EQUITY STRUCTURE
- WIDESPREAD LOCAL AND GLOBAL SERVICE NETWORK
- VAST DOMESTIC AND INTERNATIONAL SUBSIDIARIES PORTFOLIO
- 25 THOUSAND HIGHLY-QUALIFIED EMPLOYEES
- MODERN INFRASTRUCTURE SYSTEMS

STRATEGIC PRIORITIES		PERIOD ACHIEVEMENTS	For further details
1 CUSTOMER-ORIENTED ROBUST BALANCE SHEET	As the balance sheet of Ziraat Bank becomes increasingly customer- and real sector-focused, expense items are being optimized with high technology use and leaner processes in accordance with efficiency principles.	Syndication Loan: 1.4 billion USD	p. 38
		Bond issuance through private placement of USD 110 million under the GMTN (Global Medium Term Notes) program	p. 38
		Issuances and redemptions of Gold Bonds and Gold-Based Lease Certificates through Ziraat Bank by Republic of Turkey Ministry of Treasury and Finance	p. 38, 55
2 CUSTOMER-ORIENTED BUSINESS MODEL	Ziraat Finance Group focuses on establishing sustainable relationships that create value in a service model that aims to ease the lives of its customers.	Merging Consumer Loan product for retail customers	p. 22, 38, 50
		Inflation-Indexed/Interest Protected Deposit Account and Inflation Protected Deposit Account products	p. 38, 66
		Inflation-Indexed Housing Loan	p. 38, 51
		İVME (Advanced, Productive, Indigenous Industry) Financing Package	p. 39, 45
		Employment-Oriented Working Capital Loan	p. 22, 39, 46, 52, 94
3 PROCESS EXCELLENCE	Ziraat Bank continues to improve its processes in order to bring ease to lives of its customers and employees, and to generate value through its productivity oriented business model.	40 Robotic Process Automation (RPA) projects	p. 39
		Constant improvement of processes in line with the targets of simplifying and centralizing operational functions	p. 39, 53
		OPI-Operational Innovation Application	p. 29, 40, 53
4 MODERN INFRASTRUCTURE SYSTEMS	Ziraat Bank keeps investing in infrastructure to make its processes more technology-intensive.	Mid-tier banking software transformation project, mid-tier and REST transformation phases	p. 40
		Strategic Governance application	p. 40
		BiGA Digital Gold project	p. 40
		Chatbot project-BİLGE (The Wise)	p. 40
5 DEVELOPING ORGANIZATION	We continue to change and develop altogether! Competence and numeric performance evaluation processes continued in 2019 to drive the development of Ziraat Finance Group employees in line with the strategies.	Competence and numeric performance evaluation processes	p. 40
		Data Analytics Awards-The most efficient bank on social media in the banks category	p. 40, 70
		Financial Services Forum Product & Service Innovation 2019-Customer experience, loyalty, data analytics and workforce turnover - Best International Project	p. 70, 95
		Global Banking & Finance Awards 2019 - Most Innovative Digital Transformation Project and Employee Initiative	p. 41, 70
		Lovemarks 2019 - Turkey's Lovemark in Banking	p. 41, 70, 95
		Financial Innovation Awards 2019-Life Transformation/Employee Interaction Initiative	p. 41, 70, 95
6 ZIRAAT FINANCE GROUP	In order to offer a complete package meeting the financial needs of Ziraat customers, Ziraat Bank continues to generate integrated solutions with its banking subsidiaries, overseas branches and finance companies.	Ziraat Finance Group - efforts to centralize operations and offer integrated financial solutions	p. 41
		Platform Ortak Kartlı Sistemler A.Ş. was co-established by state-owned banks	p. 41
		The project to establish a national rating company	p. 41
		Establishment studies for Birleşik İpotek Finansmanı A.Ş. (mortgage finance)	p. 41
		Revamping for the websites of all subsidiaries	p. 41

SUSTAINABLE DEVELOPMENT GOALS (SDGs) AND ZIRAAT BANK

Adopted by 193 UN-member countries on 25 September 2015, the convention titled "Transforming our World: 2030 Agenda for Sustainable Development" covers 17 Sustainable Development Goals and 169 targets.

Setting out a sustainability agenda that is far more comprehensive, the 17 Sustainable Development Goals (SDGs) went beyond the UN Millennium Development Goals.

SDGs are aimed at eradicating poverty and at realizing development for all as a universal necessity. The global consensus achieved around the SDGs marked a major turning point for shifting the world onto a more inclusive and sustainable growth path.

The Bank's activities that are considered to contribute to the SDGs within the scope of its service cycle are addressed in detail in different sections of this report.

ZIRAAT BANK'S ACTIVITIES THAT ARE CONSIDERED TO CONTRIBUTE TO THE SDGS WITHIN THE SCOPE OF ITS SERVICE CYCLE ARE ADDRESSED IN DETAIL IN DIFFERENT SECTIONS OF THIS REPORT.

SUSTAINABLE DEVELOPMENT GOALS

SDG	ZIRAAT BANK'S ACTIVITIES THAT DIRECTLY/INDIRECTLY CONTRIBUTE TO THE SDGs
1, 2	Financing, banking products and solutions provided to agricultural, SME and small-scale enterprises
4	Training and development programs offered to Ziraat Bank human resource
7	Financing provided to renewable energy and energy efficiency projects
8, 9	Financing, banking products and solutions provided to infrastructure, SME and industrial investments
10	Corporate governance practices introduced at Ziraat Bank
11	Financing, banking products and solutions provided to development and investment projects of a national-scale and to the housing sector
16	Ziraat Bank's HR and corporate governance practices
17	Financing provided to diverse sectors on the basis of thematic funds, bilateral and multilateral cooperation initiatives, operational activities, corporate governance practices and reportings

WHILE THE FEDERAL RESERVE (FED) DECIDED TO CUT INTEREST RATES THREE TIMES AFTER A 11-YEAR BREAK IN 2019, IT IS COMMONLY EXPECTED TO WITNESS "WAIT AND SEE" POLICY IN 2020, THE PRESIDENTIAL ELECTION YEAR.

2019 was a year in which the outcome of the trade tension between the USA and China were closely monitored. Brexit uncertainty, Hong Kong protests and increasing geopolitical tensions also seem to have led to the slowdown especially in the manufacturing sector. In the light of these developments, the negative effects of the global slowdown have been balanced by the looser monetary policy actions of the central banks of developed countries and the increasing possibility of signing the trade agreement.

In the last quarter of the year, the US economy has shown a positive outlook with the sound employment market and the decreasing of trade tensions. Achieving the Phase 1 agreement between the US and China indicates that the US economy will continue its longest-term growth cycle by alleviating recession concerns about 2020. While the Federal Reserve (Fed) decided to cut interest rates three times after an 11-year break in 2019, it is commonly expected to witness "wait and see" policy in 2020, the presidential election year. In the last quarter, Fed continued its repo operations in order to expand its balance sheet and to normalize the negative factors in the money market. As a result of the customs tariffs, the foreign trade balance of the US with China has improved last year, however, as a result of the global weakness, the foreign trade deficit against other countries has increased due to the decrease in demand for American goods. Phase 2 talks involving challenging topics may determine the story of 2020 and technological superiority struggle between US and China is not expected to be resolved before the elections in November.

2019 was a period in which the weakness in the manufacturing sector became evident due to the global trade tension in the Euro Area and the inflation remained far from the target. With the support of the European Central Bank (ECB) and the Phase 1 trade agreement the Euro zone have outperformed the worst and the economies have been balanced in the beginning of 2020. ECB seems to have started to state more that monetary expansion should be supported by fiscal expansion. The ECB, former IMF President Christine Lagarde, who is supposed to continue pigeon attitude was appointed instead of Mario Draghi. Anti-pension reform demonstrations in France and elections in Spain increased uncertainty in the Euro Area. In addition, Sweden, one of the countries that implemented negative interest rate at the earliest, raised the interest rate to 0% and became the first country to end the negative interest period.

The Brexit problem has been partially resolved. As of January 31, the Brexit process has been concluded as a result of the agreement between the EU and the UK and the election victory of Boris Johnson. In the next period, the Scottish issue, the Irish border, and whether Britain can make a trade agreement with the EU until the end of the year will be the main agenda items.

The US-China trade war, which started in mid-2018, increased its pressure on the global economy in the past year. In order to prevent the deceleration in its growth, China has maintained regulations so as to reduce borrowing costs. The tariff tension between the EU and the US, the increasing trade tension between Japan and South Korea, and the US tariff to aluminum and steel products put in practice for Brazil and Argentina showed that trade wars continued on other dimensions as well. While protests continue in Hong Kong, this has been a tension increasing factor on trade negotiations between the US and China. OPEC's production cutback decision and geopolitical tensions increased upside risks in oil prices. However, the US policy tracked in oil production and the slowing trend in the global economy enabled oil prices to stabilize below 70 USD/barrel. 2019 has been a year in which rebalancing of the economic activity has been completed faster than forecasts and the financial markets have been positive. While Turkey's 5 year CDS improved by 80 basis points in 2019, the BIST 100 Index has been ranked among the highest-ranked exchange among global exchanges with 25% gain. While leaving behind a year of a positive GDP growth and a current surplus, there has also been significant improvement trend observed in inflation. In the growth model of 2019, the focus has been changed from net exports to private consumption, while public spending continued to support growth. In 2020 a growth in the range of 4.5-5% seems possible with the support of base effect, increased loan growth, although limited exports and deferred domestic demand.

International financial institutions have revised upwards their GDP growth forecasts for 2020 with the faster than anticipated recovery in the Turkish economy. In the light of positive developments, Fitch Ratings revised the credit rating outlook. However, the rating agencies who downgrade quickly are expected to react slowly in the rating upgrading process however it is possible to anticipate rating upgrades under the conditions followed by the continuation of the disinflation trend, sustainable and moderate current account deficit in the growth GDP cycle, the continuation of the fiscal discipline and the improving risk premium indicator.

Turkey has left behind a busy agenda from geopolitical issues in 2019 as well. Increasing tension in the Eastern Mediterranean, Peace Spring Operation and US sanctions threats were closely monitored and caused fluctuations in the markets from time to time.

More stable Turkish Lira, domestic demand conditions, base effect, improvement in expectations and supply-side factors enabled inflation to recover 8.5 points in 2019 compared to the previous year. With the support of the disinflation process and global conditions, the Central Bank (CBRT) has made 1,200 bps rate cut in 2019. In the first monetary policy meeting of 2020, CBRT continued its support to the economy with a moderate interest rate cut as the inflation outlook and expectations continued to improve.

The Central Bank, which will focus on the steady decrease in inflation in 2020, is expected to continue moderate interest rate cuts rather than sharp interest rate cuts and reserve requirement regulations will continue to play an active role in monetary policy this year.

Exports continued to increase with the support of competitive exchange rate in 2019. While our exports of high-tech products increased due to items such as the sale of unmanned aerial vehicles, the current account balance resulted a cumulative surplus after 17 years with the contribution of the strong tourism revenues as well as limited import growth. The current balance, which resulted a USD 27 billion deficit in 2018, is expected to result a surplus of USD 1.5 billion in 2019. Although it is expected that the upward trend in exports will continue in 2020, it is considered that the contribution of net exports to GDP growth may decrease due to the effect of the increase in imports due to the deferred demand. While 2019 was a bright period in terms of tourism revenues, the number of foreign tourists visiting Antalya hit a record within the year. The diversification of the tourism sector as in the case of exports has come to the fore in 2019, and it is considered that this will help alleviate the shocks specific to the country. A current account deficit of about USD 10 billion seems likely this year, with changes in the production structure of firms, moderate level of energy and gold imports and strong tourism revenues.

Along with the improved current balance outlook, our foreign exchange requirement has also decreased. The country's annual foreign exchange requirement, which reached a record amount of USD 240 billion in 2018, is expected to be limited and realized around USD 175 billion in 2020.

IN OUR 156TH YEAR... WE ARE HEADING FOR THE FUTURE GUIDED BY OUR STRATEGIC PRIORITIES

Ziraat Bank realized a number of investments covering new projects and ideas for achieving the targets it has set in line with its six fundamental strategic priorities.

WE REMAIN THE COMPANION OF OUR CUSTOMERS WITH OUR PASSION NURTURED FOR 156 YEARS...

Ziraat Bank passionately carried on with its transformation journey and kept producing value for its customers and our country in 2019.

The Bank, together with its domestic and foreign subsidiaries, put into life numerous novelties to cater to the financial needs of the real sector and households holistically under the Ziraat roof. Carrying on with its transformation journey under its six fundamental strategic perspectives, the Bank kept working to make life easier for its customers.

STRATEGIC PRIORITY

Customer-Oriented Robust Balance Sheet

As the balance sheet of Ziraat Bank becomes increasingly customer- and real sector-focused, expense items are being optimized with high technology use and leaner processes in accordance with efficiency principles.

In 2019, Ziraat Bank renewed its syndication loan participated by 44 banks from 22 countries. Originally obtained in 2013 in the amount of TL 700 million in line with the target of diversifying non-deposit funding sources and increasing the Bank's market share in foreign trade financing, the facility constantly grew in amount and reached the present time. The Bank secured a syndication loan in the amount of USD 1 billion 425 million in 2019.

In the reporting period, the Bank realized a bond issuance through private placement of USD 110 million under the GMTN (Global Medium Term Notes) program with the aim of fund diversification.

Ziraat Bank will continue to support the real sector and the savings balance of our country with the funds it supplies.

In Turkey, the amount of gold which is considered "under the mattress" is anticipated to be 2,200 tons (USD 100 billion) at a minimum. In order to recover these values for the economy and transform the individual savings into individual gains, Republic of Turkey Ministry of Treasury and Finance carried out "Gold Bonds" and "Gold-Based Lease Certificates" issuances and redemptions through Ziraat Bank.

STRATEGIC PRIORITY

Customer-Oriented Business Model

Ziraat Finance Group focuses on establishing sustainable relationships that create value in a service model that aims to ease the lives of its customers.

In 2019, Ziraat Bank continued to understand its customers' financial needs to develop the right solutions, and to offer products and services that make life easier.

Standing by its customers also through the rough times they have, Ziraat Bank introduced the Merging Consumer Loan product for customers experiencing hardships in repaying their credit card debts. This product allows retail customers to merge all their credit card debts at terms that suit their income.

To help expand the savings base of our country and to enable customers to derive high returns in the face of inflation, Inflation-Indexed/Interest Protected Deposit Account and Inflation Protected Deposit Account products were introduced.

Inflation-Indexed Housing Loan was offered to help customers become home-owners at the most favorable costs and at the time of their choice, without postponing their existing needs for a home.

Extending support to agricultural production, Ziraat Bank introduced:

- Greenhouse Farming Loan Package designed for increasing agricultural production in greenhouses, installation of new greenhouses, recovering idle greenhouses for the economy, and modernization of existing ones,
- Loan Package for Livestock Establishments Growing their own Forage intended to encourage livestock establishments to grow forage crops for fully or partially fulfilling their own needs for forage and/or to use pastures for the same purpose,
- Soy Bean, Corn and Sunflower Loan Package to promote the production of heavily imported strategic vegetal product items.

İVME (Advanced, Productive, Indigenous Industry) Financing Package was introduced to support the real sector, which entails the working capital loans that producers of raw materials/intermediate goods, producers of machinery, and buyers of domestic machinery will need for their new investments and in the post-investment period.

Aiming to support domestic production, collaboration was established with automotive brands undertaking production in Turkey, and Domestically Produced Vehicle Loan Packages were introduced.

A loan package was offered under the name Employment-Oriented Working Capital Loan to firms having the potential to provide additional employment with the aim of providing healthy and sustainable contribution to the existing employment so that the national economy can grow and develop consistently.

Ziraat Bank continued to enrich the services delivered to customers through digital channels. The Bank developed Digital Loan, a product allowing customers receiving their salaries from the Bank to take out a loan without making a trip to the branch. In addition, the customers can now approve their consumer loan agreements with digital authorization inside the branch. Also developments have been completed which will enable digital approval of OGS (Automated Pass-Through) Sales, Bankkart Application, Private Pension Application, Ziraat Mutual Account Opening agreements as well.

In order to ease life for its customers, Ziraat Bank made available new channels and applications for tax payments. 20 new collection and payment options were put into life through branches, ATMs, Internet Banking, Ziraat Mobile, SMS, the Call Center and OPİ-Operational Innovation.

Ziraat Bank began accepting cards bearing the MIR logo, expanding the set of accepted cards that included TROY, VISA, Mastercard and UnionPay.

Launched in 2018 to increase the Turkish youth's interest in agriculture, and to raise them as educated and conscious individuals about agricultural production and investments, Ziraat Young Farmers Academy began offering greenhouse and sheep breeding education after dairy cattle breeding in 2019.

STRATEGIC PRIORITY

Process Excellence

Ziraat Bank continues to improve its processes in order to bring ease to lives of its customers and employees, and to generate value through its productivity oriented business model.

Continually upgrading its value proposition processes with optimum resource utilization principle, Ziraat Bank carried out process improvements also in 2019.
Ziraat Bank has expanded the uses of Robotic Process Automation (RPA); while 40 processes are being performed by robotic software, 14 other projects are in the pipeline at the Bank.

Ziraat Bank constantly improves its processes in line with the targets of simplifying and centralizing operational processes so as to free up more time to be allocated to customers and reducing and digitalizing back office operations. Accordingly, the Bank made the following introductions in the reporting period:

- All foreign trade processes were centralized and commercial/SME branch employees in charge of foreign trade were transferred to the head office.
- Transactions, which will be hypothecated in favor of the Bank to collateralize land purchase, enterprise acquisition, etc. in commercial loans, were included in the e-lien process.
- E-lien creation notification was introduced, which is designed to create lien through electronic approval. Transactions subject to notification can be electronically sent to the relevant title deed directorates.

IN OUR 156TH YEAR... WE ARE HEADING FOR THE FUTURE GUIDED BY OUR STRATEGIC PRIORITIES

- Lien releasing was moved to the electronic environment, which allows releasing simultaneously with the central approval.
- Agricultural Fund-Sourced Loans were centralized and Agreement Entry, Disbursement/Debiting, Updating, Follow-Up/Restructuring steps began to be performed from the head office.

In an effort to improve central operational processes, the Operational Innovation initiative was introduced, which allows Ziraat Bank customers to send transaction instructions to the Operation Center directly, without branch involvement, while they are logged in for handling their banking transactions.

For providing faster and higher quality service in electronic lien releases, online application was also introduced.

Wildcard Counter Practice was introduced in order to manage the density anticipated at branches according to their financial calendars. If needed, wildcard counters can be assigned in branches, and these employees will be able to undertake transactions from the operation center when they are not working in the branch.

STRATEGIC PRIORITY

Modern Infrastructure Systems

Ziraat Bank keeps investing in infrastructure to make its processes more technology-intensive.

As part of the banking software transformation project, mid-tier and REST transformation phases were brought to completion in 2019; the project will be completed with the front-end transformation in 2020. In this context, Bank applications already began to be developed on the new infrastructure that was put into use.

Strategic Governance was introduced in order to make sure that the business model and the IT systems run in integration. With this implementation, business units can also select the strategy relationship of the applications they demand to be developed, and the feasibility performed reveals the business value of the related development. The priorities of demands are determined by the scores resulting from the strategy and business value for each demand, and thus, IT resources are utilized efficiently.

Ziraat Bank keeps a close eye on the advancing technology in Turkey and in the world, and backs digital transformation with infrastructure projects, as well.

To pave the way for the utilization of blockchain technology in the finance sector, the Bank took part in the “BiGA Digital Gold” project led by Takasbank A.Ş. (İstanbul Clearing, Settlement and Custody Bank), Turkey’s first known financial blockchain network. The digital asset, which is produced as the equivalent of one gram of gold stored in vaults at the Istanbul Stock Exchange and which is named “BiGA” can be transferred among platform-member banks. Through the developments to be made on their own systems, participant banks that will receive service from the platform will be able to transfer gold holdings among participant banks 24/7.

Initiated as a chatbot project intended to respond to questions employees have in relation to the problems they have during the day, virtual assistant “BİLGE” (The Wise) continues to be developed as an AI and virtual assistant infrastructure integrated with all communication methods on channels and platforms that will be determined by the Ziraat Finance Group. Bilge is intended to offer service to all Ziraat Finance Group employees and customers using machine learning, natural language processing and natural language understanding methods.

STRATEGIC PRIORITY

Developing Organization

Competence and numeric performance evaluation processes continued in 2019 to drive the development of Ziraat Finance Group employees in line with the strategies.

These implementations began to be expanded throughout foreign subsidiaries and branches as well.

Ziraat Finance Group employees received numerous awards once again in 209 with the innovations they have introduced. According to brand index results of Social Brands, Ziraat Bank was named the most efficient bank on social media in the banks category at the Data Analytics Awards in 2019, in a repeat of 2017 and 2018 results.

Ziraat Bank was a runner up owing to its successful initiatives and projects in customer experience, loyalty, data analytics and workforce turnover and was entitled to the Best International Project award. At the same time, Ziraat Bank has been the only Turkish company to represent our country in the award ceremony and to be presented an award.

While working to contribute to our country, Ziraat Bank also targets to preserve its place in its customers’ hearts. In Turkey’s Lovemarks survey, Ziraat Bank was named Turkey’s Lovemark in the banks category once again in 2019, as was the case in 2016, 2017 and 2018.

Ziraat Bank received an award in the Business Life Transformation/Employee Interaction Initiative category at the Financial Innovation Awards 2019 organized by The London Institute of Banking and Finance for its initiatives aimed at considering customer/employee complaints and suggestions in process improvement activities.

The enterprise architecture methodology the Bank developed was crowned with an international award, and was given the Most Innovative Digital Transformation Project award at the Global Banking & Finance Awards 2019.

STRATEGIC PRIORITY

Ziraat Finance Group

In order to offer a complete package meeting the financial needs of Ziraat customers, Ziraat Bank continues to generate integrated solutions with its banking subsidiaries, overseas branches and finance companies.

In 2019, work and initiatives continued to provide integrated financial solutions to Ziraat customers and to centralize Ziraat operations.

The process for merging public banks’ portfolio management companies within the scope of the New Economic Program was completed during 2019.

ZIRAAT BANK REALIZED A NUMBER OF INVESTMENTS COVERING NEW PROJECTS AND IDEAS FOR ACHIEVING THE TARGETS IT HAS SET IN LINE WITH ITS SIX FUNDAMENTAL STRATEGIC PRIORITIES.

Under the said program, Platform Ortak Kartlı Sistemler A.Ş. was co-established by public banks in September. In line with the target of setting up a national rating agency, the process was initiated for acquiring shares in JCR Eurasia Rating Agency in partnership with banks and associations. The incorporation of Birleşik İpotek Finansmanı A.Ş. is underway, which will be co-owned by banks and associations.

Business model standards were established to equalize the service level of all subsidiaries and overseas branches by employing the same business model, and compliance of each member of the Ziraat Finance Group with these standards began to be measured. The system is also subject to the performance system and the criteria applied for the system are constantly updated, thus guaranteeing continuous improvement of the business model at the same standards by the Group companies.

Having designed a technology-intensive business model, the Ziraat Finance Group’s initiatives continued for upgrading the banking software of its foreign banks and overseas branches. These initiatives are carried out using domestic solutions and with the consultancy of Ziraat Technology, and the knowledge thus accumulated can also be transferred to other countries.

Revamping is underway for the websites of all subsidiaries and overseas branches to align them with the Ziraat Finance Group corporate identity.

The payment systems infrastructures of the Group banks are being upgraded and the front-ends of mobile/internet banking are being revamped based on the consultancy being received from Ziraat Technology. Ziraat Bank makes the know-how and experience at its disposal available to all Group banks.


ZİRAAT
BANKASI
Sunar
AYIN OLAYLARI

AN ASSESSMENT OF 2019 DEVELOPMENTS AND TARGETS FOR THE FUTURE

Ziraat Bank targets to timely satisfy all financial needs of its customers by delivering correct value propositions and optimum benefits, based on an understanding that puts customers in its focal point at all times.

In line with these targets, the Bank increased its product and service diversity, upgraded its digital channels, and improved its service delivery processes also in 2019. As a result of all these efforts, the Bank paved significant distance towards profitability and growth.

Molding its activities so as to achieve a well-balanced balance sheet composition, Ziraat Bank registered TL 650 billion in total assets, and TL 70 billion in shareholders' equity as at year-end 2019. Attaching importance to backing its shareholders' equity with sustainable profitability, the Bank attained 10.1% return on equity (RoE) and 1.1% return on assets (RoA) in 2019.

Having amounted to TL 448 billion as at 2019 year-end, total lending of Ziraat Bank made up 69% of the Bank's assets.

The Bank's total deposits rose to TL 447 billion in 2019, accounting for 69% of liabilities. Ziraat Bank remained the sector's leader in total deposits in 2019.

COMMERCIAL/SME BANKING

Ziraat Bank is the strongest bank in Turkey in terms of product, service and distribution network diversity. Its strong muscle in securing low-cost funding and the liquidity advantages available to it position the Bank as a service provider focused on growing rapidly in the Commercial/SME Banking business line.

The Bank responds with the same degree of efficiency to the product and service needs of small-scale enterprises, as it does to its commercial customers' demands for big ticket financing facilities. Ziraat plays a role in every sector and in every stage of the economic lifecycle, fulfilling its identity as a national bank.

In 2019, within the framework of the vision of being "the Leading Bank", Ziraat Bank offered high quality banking services to its customer portfolio consisting of leading companies in their sectors creating value for the country's economy. The Bank continued to provide various financial solutions in corporate segment including structuring/rescheduling to harmonize operations with their cash flows and increased the number of its corporate customers to 6,400.

IN 2019, WITHIN THE FRAMEWORK OF THE VISION OF BEING "THE LEADING BANK", ZIRAAT BANK OFFERED HIGH QUALITY BANKING SERVICES TO ITS CUSTOMER PORTFOLIO CONSISTING OF LEADING COMPANIES IN THEIR SECTORS CREATING VALUE FOR THE COUNTRY'S ECONOMY.

In 2019, Ziraat Bank's cash loans to customers in the commercial segment reached TL 160 billion, while non-cash loans amounted to TL 98 billion. The share the Bank got from Turkey's foreign trade volume was 14%.

Assuming a pioneering role in project finance with its contribution to high value-added investment projects that add momentum to the national economy, Ziraat Bank continued with its endeavors to supply the funding needed by businesses to help them sustain their operations healthily at low-cost and through all credit channels.

With its Bankkart brand, the Bank increased its market share with firms in the commercial segment, and also uninterruptedly continued to work on solutions that generate cash flow such as collections, payments and DDS.

With the purpose of facilitating customers' commercial transactions, strengthening their prestige in the market and adding a new dimension to commercial life by supporting the same, Available Cheque (Hazır Çek) product was created, which incorporates payment guarantee by Ziraat Bank. Available Cheque is a cheque product entailing the properties of regular cheque books with the additional feature that the Bank-guaranteed amount printed on the cheque will be paid in full even in case of insufficient balance in the account. The product differs from the regular cheques in that it allows customers to demand a cheque book entailing the Bank's guarantee for each individual cheque leaf for the available cheque limit allocated.

GUARANTEE SUPPORT FOR SMES AT AFFORDABLE TERMS

The Bank aims to provide working capital financing support at affordable terms to SMEs, which are active in almost all the sectors -particularly in manufacturing and commerce- and which act as the lifeline of the economy. To this end, SMEs are Worth it Loans and SMEs are Worth it Loans 2 products were introduced by Ziraat Bank together with the program-partner banks.

In addition, "KOSGEB SME Financing Support Program", a new financing package providing KGF-guaranteed (Credit Guarantee Fund) loan facilities, was introduced for facilitating SMEs' access to financing, giving them reach to loans at favorable terms.

In the second quarter of 2019, Economy is Worth It Loan (in Turkish: EDK) product was launched with the aim of supporting all enterprises, SMEs and non-SMEs alike, that play a major role in increasing employment and production in our country, and of alleviating the financing burden on enterprises. This product is intended to contribute value to our economy by extending KGF-guaranteed working capital financing support within the frame of the inflation-indexed, Treasury-Backed Guarantee System provided by the T.R. Ministry of Treasury and Finance.

TL 13.6 billion in loans was extended within the scope of the "İVME (Advanced, Productive, Indigenous Industry) Financing Package", which is a new product designed to fulfill the growing demand for strategic raw materials/intermediate goods, and for machinery, the most basic input for producer goods in the raw material/intermediate goods manufacturing industry and machinery manufacturing industry that serve as the engine of industrialization.

Disbursements and applications for KGF-sourced COSME and KGF support loans are ongoing.

WITH THE PURPOSE OF FACILITATING CUSTOMERS' COMMERCIAL TRANSACTIONS, AVAILABLE CHEQUE (HAZIR ÇEK) PRODUCT WAS CREATED, WHICH INCORPORATES PAYMENT GUARANTEE BY ZIRAAT BANK.

KOSGEB - MACHINERY AND EQUIPMENT CREDIT WITH INTEREST SUPPORT

Under the protocol signed between Ziraat Bank and KOSGEB, "KOSGEB-Machinery and Equipment Credit with Interest Support" product was created for providing financial support at affordable terms to be used in domestic and new machinery and equipment acquisitions by businesses that are registered in the KOSGEB database, are engaged in the manufacturing industry and are not prohibited from KOSGEB supports.

Domestically Produced Vehicle Loan Package was introduced on 1 October 2019 for customers who will buy brand new vehicles from contracted companies undertaking domestic production. The loan disbursements under this package are ongoing.

Ziraat Bank acknowledges the need for providing healthy and sustainable contribution to existing employment, as well as to production infrastructure, in order to ensure consistent growth and development of the national economy. Along this line, the Bank works to expand the set of facilities the banking sector makes available to the real sector. Accordingly, more than TL 3 billion was lent to over 2,000 customers within the scope of the Employment-Oriented Working Capital Loan (in Turkish: İSTOD) that was introduced on 31 October 2019.

IN 2019, ZIRAAT BANK CONTINUED TO OBTAIN LOW-COST FUNDS FROM INTERNATIONAL FINANCIAL INSTITUTIONS FOR ON-LENDING TO SMES OR LARGER-SCALE COMPANIES.

LOANS SECURED FROM INTERNATIONAL FINANCIAL INSTITUTIONS AND ON-LENT TO SMES

In 2019, Ziraat Bank continued to obtain low-cost funds from international financial institutions for on-lending to SMEs or larger-scale companies.

The agreements executed within this framework incorporate special provisions related to environmental and social control criteria, while also mandating overall compliance with the environment-related legislation in Turkey. The agreements also include lists of environmentally-sensitive sectors or sectors that must be excluded.

Pursuant to these credit agreements, a supplementary agreement is required to be signed by the customers in addition to Ziraat Bank's general credit agreement for these loans on-lent to SMEs. The said document constitutes the customer's pledge to ensure compliance with the environmental and social requirements stipulated by the related financial institution. During the reporting period, international financial institutions that Ziraat Bank cooperates with also conducted audits at the Bank and its credit customers from time to time.

The nature and target audiences of the credit agreements made with international financial institutions are summarized below:

WORLD BANK LOANS

The Loan Agreement signed with the World Bank in 2013 is intended to finance energy efficiency investments. As a prerequisite of this facility, Ziraat Bank also established cooperation with a consultant firm for providing technical support to its customers in their energy efficiency investments. Disbursements continued in 2019.

EUROPEAN INVESTMENT BANK LOANS

Ziraat Bank kept financing SMEs and larger-scale companies with the funds it has secured from the European Investment Bank (EIB) in 2019, thus contributing to increased production, efficiency and employment by these businesses, and extending support for their growth.

IPARD LOAN

In 2019, Ziraat Bank continued to disburse loans under the IPARD Project that was signed in 2014 with the EIB for an amount of EUR 100 million for financing rural development projects, and completed the project-related targets as of the end of the year. This fund that targeted micro businesses, SMEs and larger-scale companies contributed to eliminating the difficulties that rural areas have in accessing financing.

Ziraat Bank will realize new projects with international financial institutions and continue to obtain funds to be used for financing SMEs or larger-scale companies in 2020.

Financing of the Agricultural Sector

Sustaining its strong financial support to the agricultural sector, Ziraat Bank develops projects for solving the sector's structural problems and facilitating direct access to finance, and accordingly works with related ministries, institutions, establishments and agricultural organizations. In this context, weight was given to efforts for facilitating access to financing of small business owner farmers that constitute the most critical link of the agricultural value chain and for diversifying credit products directed towards this objective.

Ziraat Bank prioritizes projects focusing on contracted production model, controlled undercover farming, increasing the agricultural mechanization of businesses, and increasing productivity in agriculture.

Taking to the forefront among Ziraat Bank's target production areas are investment projects which will create added value in agricultural production and respond to our country's needs along with investments and activities to increase agricultural businesses' storage, processing, packaging and marketing capacities for their own produce, particularly licensed storage and cold storage depot investments.

TL 64.3 BILLION LENT FROM THE BANK'S OWN FUNDS FOR FINANCING THE AGRICULTURAL SECTOR

In 2019, a total of TL 43.3 billion was extended from Ziraat Bank's sources to approximately 486 thousand customers to finance the agricultural sector, and 60,420 new customers were added to the portfolio.

The balance of agricultural loans provided from Bank's sources reached TL 64.3 billion by the end of 2019, and the number of customers with loans reached 682 thousand.

ZIRAAT BANK PRIORITIZES PROJECTS FOCUSING ON CONTRACTED PRODUCTION MODEL, CONTROLLED UNDERCOVER FARMING, INCREASING THE AGRICULTURAL MECHANIZATION OF BUSINESSES, AND INCREASING PRODUCTIVITY IN AGRICULTURE.

In terms of the breakdown, 34% of the agricultural loan portfolio consists of investment credits while 66% of the loans consist of business loans.

Additionally, the Bank mediated in the payment of TL 80.4 million in loans from the funds provided by various institutions to more than 6,500 people determined by related institutions. In this context, the amount of fund-based credit payments stood at TL 1.9 billion and the number of customers exceeded 70 thousand by the end of the year.

As a result, the total of loans extended by Ziraat Bank from its own sources to finance the agricultural sector and the fund-based credits that it mediated in had reached TL 66.2 billion by the end of 2019, with the number of customers receiving loans reaching nearly 754 thousand.

AFFORDABLE INTEREST RATES ON AGRICULTURAL LOANS
In line with the decree and communiqué on loans with reduced interest rate, Ziraat customers operating in the sector continued to obtain credits at affordable interest rates within subsidized rates which are defined on the basis of production areas.

In 2019, almost 347 thousand producers and companies engaged in the agricultural sector received TL 31.4 billion subsidized loans (at reduced interest rates).

FINANCING CONTRACTED AGRICULTURAL PRODUCTION ACTIVITY
Within the framework of contracts entered into with 11 firms operating in a number of areas including vegetable farming, seed farming, broiler breeding, pepper and tomato cultivation and sugar beet production, the Bank's balance of contracted production loans extended to more than 18 thousand contract producers stood at TL 92.7 million by the end of 2019.

CROP PRODUCTION CREDITS
In 2019, Ziraat Bank extended a total of TL 16.3 billion in loans to over 225 thousand customers for vegetable production. As a result of these extensions under various topics, the balance of loans dispersed for crop production as of year-end had reached TL 19.8 billion and the number of customers with such credit had reached 270 thousand.

LIVESTOCK LOANS
In 2019, Ziraat Bank extended a total of TL 17 billion in livestock production loans under various names to approximately 190 thousand customers. As of the end of 2019, the balance of loans disbursed for livestock production had reached TL 26.3 billion and the number of customers extended credit had reached 276 thousand.

IN 2019, ZIRAAT BANK EXTENDED PRESSURIZED IRRIGATION SYSTEM LOANS WORTH TL 313 MILLION TO NEARLY 3,500 PEOPLE.

AQUACULTURE CREDITS
During the same period, Ziraat Bank extended a total of TL 378.2 million in loans to more than 2,000 customers under various titles of aquaculture. As of the end of 2019, the balance of loans dispersed in this area had reached TL 552.7 million and the number of customers with such credits had reached approximately 3,000.

SUPPORT FOR MODERN IRRIGATION SYSTEMS
In 2019, Ziraat Bank extended pressurized irrigation system loans worth TL 313 million to nearly 3,500 people. The loans disbursed have been used for irrigating approximately 298,000 decares of land using modern pressurized irrigation systems. Drip and overhead irrigation systems serve to save water by 30%-40%.

AGRICULTURAL MECHANIZATION LOANS
In order to increase the level of mechanization of agricultural enterprises, efficiency of production and profitability, Ziraat Bank offers loans for tractors and agricultural mechanization. In 2019, TL 1.9 billion in loans to finance the purchase of tractors was provided to 25 thousand customers and TL 545.4 million in agricultural mechanization financing loans was extended to nearly 20 thousand customers.

As of the year-end, a total of TL 7.7 billion of tractor loans had been extended to nearly 200 thousand customers and TL 1.3 billion had been extended to approximately 63 thousand customers for mechanization loans.

In order to renew the old tractor park in Turkey, loans were extended to producers owning tractors for at least 5 years seeking to renew tractors manufactured at least 10 years ago (including 10 years). The amount of Renewed Tractor Loans which had maturities of up to 96 months was TL 4.2 million in 2019.

In 2019, 11,956 customers benefited from Small Equipment Credit which is provided for the purchase of small farming tools and equipment needed by agricultural enterprises belonging to real persons or legal entities, to enable them to sustain their operations efficiently and profitably. The total amount of loans, which has a maximum limit of TL 50,000, reached TL 266.3 million.

LOAN PACKAGES
Total lending in 2019 amounted to TL 5.5 billion which breaks down as follows:

- Greenhouse Farming Loan Package was created with the aim of increasing agricultural production in greenhouses, installation of new greenhouses, and modernization of existing ones, under which TL 2.9 billion was disbursed to nearly 15,000 growers,
- Soy Bean, Corn and Sunflower Loan Package was created to promote the domestic production of soy bean, corn and sunflower, and to reduce their importation, which are strategic vegetal production items that are heavily imported; under this facility, TL 1.2 billion was disbursed to 17,000 producers,
- Loan Package for Livestock Establishments Growing their own Forage was introduced for reducing the input costs of small cattle and stock breeding establishments, under which TL 1.4 billion was disbursed to more than 17,000 producers.

YOUNG FARMERS ACADEMY, ZIRAAT BANK'S SOCIAL RESPONSIBILITY PROJECT LAUNCHED IN SEPTEMBER 2018, CONTINUES TO DEVELOP AND EXPAND.

AGRICULTURAL INSURANCE
In the Turkish agricultural insurance segment that registered growth in 2019, the number of TARSİM (Agricultural Insurance Pool) policies went up by 18.87% to 2 million, whereas premium production expanded by 19% to TL 2.4 billion. The most significant growth in this segment occurred in vegetative production area with 62% premium production rate.

Ziraat Sigorta A.Ş., an associate of Ziraat Bank that the Bank collaborates with for protecting the agricultural sector against agricultural risks, retained its position as the leading company in agricultural insurance in 2019. Ziraat Sigorta recorded 58.6% of total TARSİM premium production.

YOUNG FARMERS ACADEMY
Young Farmers Academy, Ziraat Bank's social responsibility project launched in September 2018, continues to develop and expand. Within the scope of the project that has received more than 10,000 applications to date, cooperation was established with six universities. So far, approximately 300 participants successfully completed the training programs organized on dairy cattle breeding, greenhouse farming and sheep breeding.

During 2019, nine groups completed training in dairy cattle breeding, five groups in greenhouse farming and one group in sheep breeding.

Applications continued to be accepted in dairy cattle breeding, sheep/goat breeding, greenhouse farming and cattle breeding in Adana, Antalya, Bursa and İzmir.

RETAIL BANKING

An extremely competitive segment, Retail Banking is also the business line in which Ziraat Bank has the largest customer group.

The Bank effectively uses its countrywide branch network and offers service with a rich product range to a large retail audience that varies from students to retirees, from merchants to entrepreneurs and from housewives to farmers.

Possessing broad delivery channels covering ATMs, internet and mobile banking applications and the call center, in addition to its branch network that extends to every corner of the country, Ziraat Bank continued to fulfill the financing needs of its retail customers also in 2019.

ACTIVITIES FOR DIVERSIFYING AND ENRICHING THE PRODUCTS OFFERED TO RETAIL CUSTOMERS

- The Bank continued to market the State Subsidized Dowry (Çeyiz) and the State Subsidized Housing Account products set up by the Ministry of Family, Labor and Social Services and the Ministry of Treasury and Finance to promote saving within the society. As of year-end 2019, the Dowry Account had 14,000 customers and a balance of TL 72 million, whereas the Housing Account had 4,700 customers and a balance of TL 69 million. In addition, the Bank began to collect applications of customers who made payments regularly for 3 years for state subsidy and forwarded them to the Ministry. State subsidy was deposited in the accounts of qualifying customers.
- Ziraat Bank carries out comprehensive activities to diversify and enrich its financing products in order to deepen its funding base and to respond to customer attitudes and needs. Accordingly, marketing activities continued for Inflation-Indexed/Interest Protected and Inflation Protected products introduced on 22 April 2019, and the maturities of the accounts started to be renewed. As of end-September 2019, 230,000 customers had TL 25.6 billion in Inflation-Indexed/Interest Protected accounts and 23,000 customers had TL 1.8 billion in Inflation Protected accounts.

THE BANK EFFECTIVELY USES ITS COUNTRYWIDE BRANCH NETWORK AND OFFERS SERVICE WITH A RICH PRODUCT RANGE TO A LARGE RETAIL AUDIENCE THAT VARIES FROM STUDENTS TO RETIREES, FROM MERCHANTS TO ENTREPRENEURS AND FROM HOUSEWIVES TO FARMERS.

- Merging Consumer Loan product was created on 9 January 2019 for customers experiencing hardships in repaying their credit card debts to Ziraat or other banks. This product is intended to make the financial structures of existing and new customers healthier and more manageable, while also expanding the credit card customer base of the Bank, increasing its market share and diversifying profitability on the basis of customers.
- Discounted Loan Settlement Campaign was organized twice, in April 2019 and October 2019, for customers who purchased homes or business places in projects realized by the Housing Development Administration of Turkey (TOKİ) and sold via Ziraat Bank and have outstanding payments but would like to settle their debts by making advance payments.
- The Digital Credit program planned within the frame of the Digital Transformation Program currently ongoing at the Bank was launched in January 2019.
- The Construction Amnesty Credit was introduced for customers wishing to benefit from the construction amnesty.
- The Bank completed developments for approving the contracts and forms for consumer loans disbursed by branches and the products sold in connection with these loans via the Internet Branch/Ziraat Mobile, and put them into implementation in all branches.
- “Inflation-Indexed Housing Loan”, a housing loan product with variable interest rate, was devised for enabling customers to buy homes at costs that are affordable not only according to the current economic conditions but also according to the future developments and forecasts, without postponing their existing needs for a home.
- Domestically Produced Vehicle Loan Package was launched on 1 October 2019 for customers who will buy brand new vehicles from contracted companies undertaking domestic production.

OTHER ACTIVITIES CONDUCTED IN RETAIL BANKING SEGMENT

“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.

COMPREHENSIVE ACTIVITIES IN INSURANCE

Within the scope of the “Law Amending the Private Pension Savings and Investment System Law” numbered 6740 which was published in the Official Gazette dated 25 August 2016, all public employees under the age of 45 and all private sector employees working in a workplace registered at Social Security Institution (SGK), in line with the calendar announced by the Ministry of Treasury and Finance, are being included in the Individual Pension Auto Enrollment System.

It is envisaged that new employers, and therefore, new employees to be won for the Auto Enrolment System, which is a long-term saving instrument by Ziraat Bank, will make significant contributions to the Ziraat Finance Group in the long-term with respect to profitability, customer loyalty and new customer acquisition.

THE PRODUCT LIST DEVELOPED FOR WINNING INTERESTSENSITIVE CUSTOMERS FOR THE PRIVATE PENSION SYSTEM WAS EXPANDED WITH “PPS FOR YOUTH” (INTEREST-FREE) PLAN WHICH WILL BE OFFERED TO CUSTOMERS IN THE 18-26 AGE INTERVAL.

The number of local administrations, state-owned enterprises and privately-owned businesses with which agreements were concluded within this framework reached 45,000 as of 31 December 2019. In the Auto Enrolment System that reached 975,000 active participants and a size of TL 2 billion since the enactment of the Law, Ziraat remains the leader of the sector with 16% market share.

The product list developed for winning interest-sensitive customers for the Private Pension System was expanded with “PPS for Youth” (Interest-Free) plan which will be offered to customers in the 18-26 age interval.

“Solar Power Plant Operating Period Insurance” product was put on sale for insuring plants of customers who invested for using solar power that has a crucial place within renewable energy resources for electricity generation against potential losses to facilities, the installation of which have been completed and which are in operation.

Until integration with the SBM (Insurance Information and Monitoring Center) is realized for the “State Subsidized Credit Insurance” product, which was created within the scope of the State Subsidized Credit Insurance Pool under Extraordinary Risks Management Center, Ziraat Sigorta A.Ş. can issue proposals/policies to SMEs covered in the Regulation’s scope.

Introduction
Value Creation and Strategy
In 2019
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ZIRAAT BANK BEGAN OFFERING BANKKART BAŞAK THAT COMBINES THE CHARACTERISTICS OF A DEBIT AND CREDIT CARD AND THUS ENABLES "ASSETS AND LIABILITIES MANAGEMENT BY A SINGLE CARD" TO ITS CUSTOMERS IN 2019.

"Professional Liability Cover" was added to the Pharmacist's Package Insurance product in order to provide assurance for potential losses that may be sustained by third parties as a result of the professional activity carried out, and policies can be issued by selecting alternative coverage sums with additional premium amounts on top of the existing premium. In addition, the highest coverage that can be selected by the insurance customer within the coupon/prescription limit and commodity price was increased from TL 10,000 to TL 50,000.

A significant step was taken towards paper saving with the digital approval of contracts and forms for insurance products as a result of the work carried out for independently sold PPS and Branch Digital Loan.

For diversifying insurance product package options, a new package was added to the Private Health Insurance product, and an optional coverage to Private Home Insurance.

A new motor own-damage product by the name "Extended Motor Own Damage Insurance (K04)" product was developed within the frame of the Domestically Produced Vehicle Loan Package that will be made available to customers who will buy brand new passenger cars or commercial vehicles from contracted companies undertaking domestic production.

Under the directive concerning the Employment-Oriented Working Capital Loan (in Turkish: İSTOD) package, a free-of-charge one-year personal accident insurance will be obtained for employees, to the employment of whom the Bank contributed, for better servicing the customers. Along this line, "Employment-Specific Personal Accident Insurance" product was put on the market on 7 November 2019.

BANKKART BAŞAK THAT MAKES A DIFFERENCE WITH ITS SUPERIOR FEATURES

Ziraat Bank began offering Bankkart Başak that combines the characteristics of a debit and credit card and thus enables "Assets and Liabilities Management by a Single Card" to its SME and commercial customers in the first quarter of 2019.

Designed according to market conditions in view of our country's macroeconomic priorities and set apart from the other products in the market with its positive characteristics, Bankkart Başak promotes commercial shopping and introduces a new perspective to economic life. The number of commercial cards under this brand reached 474 thousand as of end-2019.

Bankkart Başak is equipped with numerous features that support commercial life in addition to debit and credit card capabilities. Details of these features are as follows:

- Guaranteeing the receivables of small-scale parent companies possessing an extensive dealer and sales network with **Micro DDS**,
- Optimizing supplier-dealer cash flow processes with **Dealer Special Limit**,
- Managing the sectors in which holders of supplementary cards can shop with **Sector-Based Spending**,
- Easily reaching spending details of all Bankkart Başak cards allocated to companies with **Detailed Reporting**.

Within the scope of the project initiated in February 2019, the number of cards reached 474,000 while total risk balance came to TL 3.78 billion upon the relaunch of Ziraat Bank commercial card as Bankkart Başak.

OPERATION CENTER

Ziraat Bank carries out initiatives in line with its targets of simplifying and centralizing its operational processes, and decreasing and digitizing back office operations. Key developments carried out by the Bank in connection with work processes and flow of the system in 2019 are presented below:

- Quick Process Types were introduced for quickly finalizing Tax/SSI/Telephone collections. Collections are realized automatically when accrual slips bearing barcode/2D-code is scanned by the system.
- The Bank's commercial collections infrastructure was integrated with the collection structure of Ziraat Katılım (Ziraat Participation Bank), enabling the customers of the latter to pay their bills/payables via all channels by using Ziraat Bank's infrastructure.
- "OPİ-Operational Innovation" initiative was introduced, which allows customers to send transaction instructions to the Operation Center directly from the internet and mobile channels, manage their accounts, perform transactions, and monitor them instantly.
- Utility/tax collections previously performed from 14 screens are now merged in a single screen.
- Users switched to home office mode within the frame of the Operation Center is at Home project.
- Work was completed to automate the attachment notices sent by enforcement directorates via the UETS (National Electronic Service System); accordingly the system now automatically captures the data thanks to xml integration, eliminating manual data entry.
- E-approval system was introduced for approving the contracts and forms associated with account opening and contract updating processes of Ziraat Yatırım.
- All channels were revised to ensure error-free and easy performance of tax payments.
- In addition, more than 191 million transactions were performed via the Operation Center in 2019, and the overall centralization ratio was registered as 99.68%.

ZIRAAT BANK TARGETS TO MAKE SURE THAT ITS BANKING PRODUCTS AND SERVICES ARE COMPETITIVE, EFFECTIVE AND PRODUCTIVE.

CUSTOMER-FOCUSED CASH MANAGEMENT IMPLEMENTATIONS

Ziraat Bank targets to make sure that its banking products and services are competitive, effective and productive. Creating no-cost funds and cross-selling opportunities on the back of its activities carried out towards this target, the Bank charged ahead with its customer-focused cash management implementations also in 2019.

Businesses covered under an agreement within Ziraat Bank's Direct Debiting System (DDS) reached 642 in number in the reporting period. While the total collection volume increased by 43%, the number of dealers included in the system shot up by 144% year-over-year, with the contribution of the receivable collection model within the scope of the direct income support.

Moreover, Micro DDS (MDDS) product was introduced in order to guarantee the receivables of small-scale parent companies with extensive dealer and sales networks or to include in the system those dealers that have smaller volumes as compared to the others in the relevant sector, customarily take out installment loans and may opt to defer installments. The number of Micro DDS Protocols executed within this framework reached 687.

Discounted DDS product was offered, which serves to make collections for the invoices in the system before their due dates, and contributed to interest income generated by the Bank.

Number of contracted organizations which Ziraat Bank intermediate in invoice and other payments reached 675 and payments are facilitated through ATMs, Internet Banking, Mobile Banking and Automatic Payment channels in addition to branches.

AN ASSESSMENT OF 2019 DEVELOPMENTS AND TARGETS FOR THE FUTURE

With the Corporate Collection System which includes contracted institutions the Bank realized 218.8 million collections at a total amount of TL 238.8 billion in 2019. The Bank has 10.9 million automatic payment orders as of 2019.

In addition, the Bank continued to offer customized payments, electronic checks/notes, accounting integrations, pool accounts and cash collection services to meet the needs of its customers.

DIGITAL BANKING
Ziraat Bank heavily uses technology in its business processes in order to expand the usage of alternative distribution channels.

Conducting activities to integrate technology into product and service delivery processes at an increasing rate, Ziraat Bank continued to invest in modern infrastructural systems in 2019.

As of 2019 year-end, the number of the Bank's digital customers reached 14 million, while the number of active mobile banking users and active Internet branch users were registered as 9.1 million and 1.9 million, respectively.

Being the bank with the highest number of devices in the sector with approximately 525,000 POS + Payment Recording devices, Ziraat Bank reached 566,000 member merchants and TL 13.7 billion in total acquiring volume by the end of 2019.

DCC (Dynamic Currency Conversion), which allows cards issued in a foreign country to perform transactions in the currency of the card's country of issue with POS devices and ATMs in our country, was launched in 2019. This channel that will contribute to the FX position of Turkey and of Ziraat Bank will expand the FC funding base of the Bank.

CONDUCTING ACTIVITIES TO INTEGRATE TECHNOLOGY INTO PRODUCT AND SERVICE DELIVERY PROCESSES AT AN INCREASING RATE, ZIRAAT BANK CONTINUED TO INVEST IN MODERN INFRASTRUCTURAL SYSTEMS IN 2019.

The process for accepting "MIR Card", the Russian Federation's National Card, on Ziraat Bank POS devices and ATMs was completed and launched also during the reporting period. Significant progress was secured in deepening the economic relations between Turkey and Russia with this initiative, which is also a breakthrough that will contribute to FC tourism revenues. Within this scope, cards bearing MIR card logo can now be used for shopping at physical member merchants of Ziraat Bank, and they can also be used to withdraw cash TL and inquire account balance at all Ziraat Bank ATMs.

AN APPROACH THAT MAKES LIFE EASIER: ACCESSIBLE BANKING
Ziraat Bank carries out systematic activities to give individuals with disabilities easier access to its products and services.

As part of Accessible Banking initiatives:
- In 931 branches, tactile paving was installed on indoor and outdoor floors for visually-impaired individuals, the call button was put in to be used for asking for assistance by individuals with disabilities when they come to the branch, and information plate printed in Braille alphabet was posted on the gate,
- In 40 branches and Head Office buildings, accessible elevators are available.

In 2019, Ziraat Bank had 210 Accessible ATMs in 81 different cities.

TREASURY MANAGEMENT AND INTERNATIONAL BANKING

In the Treasury Management and International Banking business line, Ziraat Bank implemented a strategy that it proactively and quickly revised to adapt to the changing market conditions, and managed its balance sheet successfully.

The pioneer in the banking sector, Ziraat Bank managed its balance sheet based on a proactive strategy, minimizing liquidity, interest rate and exchange rate risks against the developments in global and local financial markets in 2019.

Maintaining its extensive branch network and robust deposit base, the Bank continued to acquire new deposit base in the retail segment and consolidated its funding structure with core deposits. With remarkable acquisitions in gold deposits, as well as TL and FC deposits, the Bank's gold deposits increased by 50% as compared to 2018. Additionally, approximately 2 tons of scrap gold was collected from customers through the "golden time" campaigns and recovered for the economy.

INTERMEDIATION FOR GOLD BONDS AND GOLD-BASED LEASE CERTIFICATES
Ziraat Bank continued to offer intermediation service for the issuance of "Gold Bonds" and "Gold-Based Lease Certificates" which were issued for the first time in 2017 by the Ministry of Treasury and Finance. On the other hand, Gold Bonds and Gold-Based Lease Certificates issued in October 2017 were redeemed in October, and customers re-invested the redeemed amounts in these two instruments, or collected them in the form of physical gold or demand gold deposit accounts.

IN THE TREASURY MANAGEMENT AND INTERNATIONAL BANKING BUSINESS LINE, ZIRAAT BANK IMPLEMENTED A STRATEGY THAT IT PROACTIVELY AND QUICKLY REVISED TO ADAPT TO THE CHANGING MARKET CONDITIONS, AND MANAGED ITS BALANCE SHEET SUCCESSFULLY.

SUCCESSFUL POSITION SUSTAINED AS A MARKET MAKER IN THE TURKISH GOVERNMENT DEBT SECURITIES
In 2019, Ziraat Bank successfully maintained its position as a market maker in the government debt securities market and played an active role in secondary markets. The Bank continued to follow its main asset management strategy in its balance sheet and accordingly, achieved to increase the share of loans in the balance sheet and maintain the share of securities. In this context, share of securities in total assets has been 19% at the end of 2019 compared to 17% share in 2018.

BONDS AND BILLS ISSUES TO QUALIFIED INVESTORS

As in previous years, Ziraat Bank continued to issue bonds and bills in 2019 to qualified investors in the domestic market in order to expand its funding source diversity and customer base. The Bank issued TL 6.4 billion of bonds in the domestic market against TL 6 billion of redemptions under the issuance ceiling of TL 17.25 billion.

ZIRAAT BANK CARRIES ON WITH ITS ACTIVITIES WITH THE AIM OF DIVERSIFYING ITS FUNDS AND OBTAINING LOWCOST, LONG-TERM RESOURCES.

In the reporting period, the Bank issued floating rate notes, in addition to fixed-return products, so that investors can diversify their portfolios and effectively distribute risk. These 182-day or 364-day notes were backed by Turkish Lira Overnight Reference Rate (TLREF) announced daily by Borsa İstanbul as overnight interest rate, with variable interests paid every 91 days.

Ziraat Bank carried out the sector's first debt instrument backed by TLREF reference interest rate at the end of August, securing a financing of TL 2.25 billion with maturities of 6 months and 1 year through three different issuances. The Bank also collaborated with the other market players to create the infrastructure for interest swap deals based on TLREF Turkish Lira overnight interest rate and set up in Turkish lira in both legs to allow the sector to manage the interest rate risk, and began transacting as a market maker bank in the TLREF-based Overnight Indexed Swap (OIS) market.

STRATEGIES FOCUSED ON DEVELOPING THE CAPITAL MARKETS

Ziraat Bank carries on with its activities with the aim of diversifying its funds and obtaining low-cost, long-term resources. To this end, the Bank's GMTN (Global Medium Term Notes) program in the amount of USD 4 billion, which was set up to borrow from international capital markets, was updated effective 20 March 2019 and increased to USD 7 billion.

Under the GMTN (Global Medium Term Notes) program, the Bank issued abroad a demand loan (entailing the option to recall at the end of the 5th year) in the nominal amount of EUR 1.4 billion, which will be included in Tier 1 calculation, on 24 April 2019. The buyer of this note that has an interest rate of 5.076% and entails annual coupon payment is TVF Market Stability and Equalization Sub-Fund. Moreover, the Bank continued to secure external funding through private placements.

During 2019, Ziraat Bank provided financing of more than USD 75 million to SMEs and larger-scale customers within the scope of agreements with the World Bank and the European Investment Bank. The Bank thus extended support to its customers for increasing their production, productivity and employment, and kept contributing to elimination of regional development differences.

SYNDICATION ENRICHING ZIRAAT BANK'S SOLID FUNDING STRUCTURE

In March 2019, Ziraat Bank secured a 367-day syndication loan in the total amount of USD 1,425 million, which was participated by 40 banks from 22 countries. The loan that has a large base of participants from different geographies served as an indicator of the trust held in Turkey and in Ziraat Bank.

This transaction, which was aimed at diversifying Ziraat Bank's strong funding structure, has been the seventh borrowing transaction carried out by the Bank through international syndication for the purpose of financing foreign trade.

Ziraat Bank also secured alternative funds such as bilateral loans and post-financing from correspondent banks thanks to its long-going and consistently maintained robust relationships with its correspondent network. These funds amounted to USD 1.6 billion as at year-end 2019.

Standing by its customers in every respect with the products and services it offers, Ziraat Bank keeps actively supporting its customers in foreign trade finance with a wide variety of financial products and services including discounted letter of credit and avalized/discounted bill of exchange/promissory notes.

Working closely with export credit agencies such as Hermes, Serv and Sace to meet the foreign trade financing needs of its customers, the Bank provides medium- and long-term country loans to its customers. Within the scope of agreements with the Export Import Bank of Korea (KEXIM) and The Export-Import Bank of the Republic of China (Taiwan Exim), the Bank provided medium- and long-term and low-cost financing opportunities for working capital and investment financing needs of customers that have business ties with China, Taiwan and South Korea.

As a result of these successful activities, Ziraat Bank increased the number of its customers performing foreign trade transactions by the day, and expanded its foreign trade volume from USD 11.1 billion in 2012 to USD 53.3 billion at 2019 year-end.

In keeping with its objectives of increasing the diversity of its funding sources and creating long-term alternative sources, Ziraat Bank works to set up DPR (Diversified Payment Rights), a securitization program. The program is intended to obtain loans by showing future flow foreign currency receivables of the Bank as collateral or to secure funding through bond issues.

ZIRAAT BANK HAS A STRONG NETWORK OF CORRESPONDENT BANKS COVERING MORE THAN 1,750 BANKS IN OVER 140 COUNTRIES.

CONTINUALLY RISING MARKET SHARE SUPPORTED BY THE STRONG CORRESPONDENT NETWORK

Ziraat Bank has a strong network of correspondent banks covering more than 1,750 banks in over 140 countries. The Bank diversifies and expands this network in line with customer demands, the conjuncture and trends in the world economy, and thus presents its customers with foreign trade opportunities in many parts of the world.

Attaching importance to improving its relationships and increasing the volume of transactions with resident correspondent banks as well as with foreign banks, Ziraat Bank takes place among the leader banks in foreign trade.

Ziraat Bank implements a reliable limit allocation model for correspondent banks. Accordingly, creditworthiness of resident and non-resident correspondent banks is updated based on periodic analyses, and limits are allocated in favor of these institutions based on internal rating model.

Quality service and rich product range offered within the scope of its strong and sustainable cooperation with correspondent banks form the basis of Ziraat Bank's being the choice of its customers for their foreign trade transactions and the constantly increasing share of the Bank in this area. Taking advantage of its extensive correspondent network in domestic and overseas FC money transfers, the Bank is able to offer fast and lower-cost alternative solutions to its customers, and constantly grows the volume of FC transfers it intermediates.

INTERNATIONAL BRANCH BANKING
Ziraat Bank conducts its International Branch Banking operations in the countries in which it operates with the following main objectives, in line with its international banking strategy and vision:

- To provide fast, modern and high quality services to all customers in all geographies where the Bank pursues operations, as well as to Turkish entrepreneurs and companies,
- To play a strong role and secure a high share in the financing of foreign trade between Turkey and other countries where it operates,
- To ensure sustainable profitability of branches with healthy and efficient balance sheet structure,
- To create effective synergies within the framework of the "Ziraat Finance Group" approach.

"ZIRAAT IS ALWAYS WITH YOU, WHEREVER YOU ARE IN THE WORLD"
In line with the motto "Ziraat is always with you, wherever you are in the world", Ziraat Bank carefully considers existing and potential business opportunities in geographies where it operates with an integrated perspective.

Aiming always, and so too in the future, to be the strongest and the most efficient bank in Turkey and in regions where it has a presence, the Bank's performance in overseas banking business in 2019 is summarized below:

In line with the dynamics and requirements of the London financial center, the **London Branch** revamped its range of products and services to enhance its effectiveness, particularly in the areas of structured financing and financing of foreign trade. Serving as an important touch point for accessing international financial markets, the London Branch preserves its pioneering and advantageous position in terms of money market and treasury transactions.

In **Greece**, services are provided through three branches in Athens, Komotini (Gümülcine) and Xhanti (İskeçe). Ziraat Bank focuses on services such as corporate banking and foreign trade financing in Greece and plays an active role in developing the trade between two countries.

ZIRAAT BANK PURSUES THE GOAL OF BEING THE MOST POWERFUL AND EFFECTIVE BANK IN THE REGIONS WHERE IT OPERATES NOT ONLY TODAY BUT ALSO IN THE FUTURE.

In **Bulgaria**, four branches are operating in corporate and retail segments in Sofia, Plovdiv, Kardzhali and Varna under the Bulgarian Country Administration. Financial services and solutions are offered to customers through non-branch channels such as ATMs and Internet banking.

In **Kosovo**, the Pristina Branch was opened on 8 June 2015. Serving the corporate and retail customer base in the country with its extensive product range, the Bank further expanded its service network with new branches opened in Prizren and Peja in 2018, and in Ferizaj in 2019.

In the **TRNC** (Turkish Republic of Northern Cyprus), customer and market oriented activities have been carried out with 8 branches by expanding the product range and continuously increasing service quality. The branches in the TRNC provide corporate and retail banking products to our customers which meet our country's standards. Thus, the Bank continued to contribute significantly to the economic development of the TRNC.

In **Iraq**, the Bank supports the development of economic and trading activities between two countries with two branches in Baghdad and Erbil. In addition to fulfilling the contracting firms' needs for letters of guarantee, the branches remain as the financial solution point for international companies, organizations and institutions, and particularly for Turkish and Iraqi commercial customers operating in the country.

The Jeddah Branch in **Saudi Arabia** opened its doors in 2011. Efforts are continuing to expand the range of products and services offered at the branch with the aim of meeting the banking needs of Turkish and Saudi corporate and retail customers operating in the country, primarily the collateral letter needs of Turkish contractors, and intermediating in and developing Turkish-Saudi foreign trade.

Ziraat Bank's second address in the Gulf region, the **Bahrain Branch** plays an active role in accessing international financial markets.

HUMAN RESOURCES PRACTICES

With its human-oriented HR policy, Ziraat Bank aims to make sure that its employees hold a confident outlook for the future.

Ziraat Bank boasts a qualified human resource that is differentiated with their educational background and professional expertise, coupled with their competence and experience in doing business in global markets.

The Bank's approach to human resources is one that is focused on constant development of its people and making it a permanent superiority factor in the global competitive environment, and as such, makes up one of its key competitive advantages in its sector.

The Bank's HR processes that are devised in keeping with its Continuous Development Philosophy are managed meticulously in line with the Bank's targets.

ZIRAAT BANK'S CONTINUOUS DEVELOPMENT PHILOSOPHY

- It is important for the Bank that its employees are able to keep abreast of the necessities of time, are open to development and change, prone to teamwork, success-oriented and have high sense of responsibility.
- Based on continuous development philosophy, Ziraat Bank supports its employees throughout their careers.

WITH ITS HUMAN-ORIENTED HR POLICY, ZIRAAT BANK AIMS TO MAKE SURE THAT ITS EMPLOYEES HOLD A CONFIDENT OUTLOOK FOR THE FUTURE.

- Each Ziraat employee acts with the awareness that he or she is working under a brand name that is associated with productivity, efficiency, high quality, adherence to ethical values and trust.

HUMAN RESOURCES ACTIVITIES IN 2019
Ziraat Bank acknowledges that its distinctive and prestigious position in the sector is enabled by its superior human resource that offers the right value propositions to the customers at the right time through the right channel drawing on unmatched market knowledge and experience.

Accordingly channeling its largest investment into its people, the Bank kept implementing the contemporary HR management it has espoused also in 2019.

EMPLOYEE PROFILE
Ziraat Bank serves its customers with a total of 24,563 employees as of 2019 year end. In 2019, 608 new people were employed and the average age of employees was 36.5. As of the end of the year, 86% of the employees had a graduate, undergraduate or doctorate education. Average employee tenure is 12.18 years.

The total number of employees in the Ziraat Finance Group at the end of 2019 was 28,325, including domestic and foreign subsidiaries.

DISTRIBUTION OF ZIRAAT BANK'S HUMAN RESOURCES BY LOCATION, AGE GROUP AND EDUCATIONAL BACKGROUND:

Distribution by Head Office, Regions, Branches

Unit	Number of People	%
Head Office	5,181	21.1
Regions	283	1.1
Branches	19,002	77.4
Overseas	97	0.4
Grand Total	**24,563**	**100.0**

Distribution by Age

Age	Number of People	%
30 -	2,999	12.7
30 - 50	20,784	83.2
51 +	780	4.1
Grand Total	**24,563**	**100.0**

Distribution by Educational Background

Educational Background	Number of People	%
Post-Graduate	44	0.2
Graduate	2,248	9.2
Undergraduate	16,074	65.4
Associate	2,639	10.7
High School	3,437	14.0
Secondary School	121	0.5
Grand Total	**24,563**	**100.0**

RECRUITMENT

As in previous years, Ziraat Bank opened its doors to young people wishing to pursue a promising career in banking once again in 2019. A recruitment exam was conducted on 12 October 2019 and interviews were held between 16 and 25 November 2019 in order to meet the Bank's need for assistant inspectors and lawyers. As a result, a total of 66 personnel will be joining the Ziraat Finance Group family as of January 2020, of whom 25 will are assistant inspectors and 41 are lawyers.

In order to fulfill the Assistant Service Clerk needs that arose in 2019, approximately 400 personnel within the scope of Support Assistant were transferred to permanent positions. In addition, 185 outsourced personnel who had served for the Bank for at least 3 years and 321 others who had served for at least 5 years were formally recruited during 2019.

CAREER MANAGEMENT

In keeping with the transparent career management approach to which it adheres, Ziraat Bank trains its own managers among its staff. Accordingly 2,917 existing employees who were successful in the written promotion exams which were conducted in 2019 were promoted to a higher job category. In addition to that, more than 100 employees who successfully completed the Management Candidate Program were appointed at Manager positions in branches and units.

Within the scope of Ziraat Finance Group career practices, promotion exams of employees working in domestic subsidiaries have been performed and employees who were successful have been promoted to higher levels.

Ziraat Bank took part in Regional Career Fairs in five regions, which were organized under the auspices of the Presidential Human Resources Office. During these fairs, the Bank got together with thousands of students pursuing their studies at more than 50 different universities, and provided information about the Bank's recruitment processes and career opportunities.

PROMOTIONS AND TRANSFERS

The Transfer Request application conducted twice a year was carried on to increase the personnel's motivation, minimize operational workloads, and ensure that transfer processes are carried out quickly, effectively, and methodically. 31% of 1,493 valid applications in the December-January period and 36% of 1,587 valid applications in the June-July period were approved.

REMUNERATION

At Ziraat Bank, the Remuneration Committee is responsible for overseeing and supervising the remuneration practices on behalf of the Board of Directors. The Committee assesses the remuneration policy and practices within the framework of risk management to ensure that remuneration policies are aligned with the Bank's ethical values and strategic goals, and shares its suggestions with the Board of Directors.

The remunerations of the members of the Bank's Board of Directors and the CEO are determined during the General Assembly of the relevant year.

The 3rd term collective bargaining agreement was signed between Ziraat Bank and Öz Finans-İş Trade Union effective from 1 January 2019 through 31 December 2020. Accordingly, union members received additional monthly payments and were granted certain personnel rights including leaves. The Bank has a unionization rate of around 90%, and adjustments of wages for 2020 have been made in accordance with the Collective Labor Agreement.

The system set up to monitor overtime worked by the personnel continued to be used effectively in 2019. Focus was placed on reducing overtime, in keeping with the sensitivity exercised for maintaining the work-life balance of employees.

ZIRAAT BANK TOOK PART IN REGIONAL CAREER FAIRS IN FIVE REGIONS, WHICH WERE ORGANIZED UNDER THE AUSPICES OF THE PRESIDENTIAL HUMAN RESOURCES OFFICE.

Salary matrices for 2020 were prepared and put into implementation for the Bank's domestic and foreign subsidiaries, foreign branches and representative offices.

PRIVATE PENSION

In addition to a contribution of 3% of gross salary which cannot be less than TL 50 within the scope of the Noncontributory Group Pension Contract, the Bank introduced a new practice in 2014 under which a monthly employer's contribution of TL 50 was launched without mandating employee contributions. This amount has been increased to TL 150 in 2018.

On the other hand, an entrance fee and an administrative expenses fee are not charged to the Bank's employees and their relatives within the scope of BİZBİZE Group-Affiliates Group Pension Contract. Moreover, the fund management fee charged under the plan is applied as 1% per annum and thus, an additional benefit is provided.

HEALTH BENEFITS AND PRACTICES

In addition to health services provided by the National Security Association to employees covered under the retirement fund for civil servants (Law no. 5510 - 4-1/c), Ziraat Bank provides treatment benefits covered from:

- Ziraat Bank's budget as authorized by the Board of Directors,
- Additionally, from the Health and Assistance Fund (the Fund) budget as authorized by the Fund's Board of Directors.

AN ASSESSMENT OF 2019 DEVELOPMENTS AND TARGETS FOR THE FUTURE

The Bank also executes special agreements with healthcare service providers, under which its employees can get healthcare services, and announces these agreements to all employees.

LEAVES
Annual leaves of Ziraat employees are determined in accordance with the provisions of the Labor Law, and additional rights are also granted to employees under the Collective Bargaining Agreement. The Bank's human resources guidelines and regulations are revised/modified as necessary depending on the regulatory framework. Necessary steps are taken and practices are developed so that employees can use the annual leaves that they are entitled to within the same calendar year.

PERFORMANCE MANAGEMENT
The Individual Performance Management System measures each employee's individual achievements and ranking by periods against objective and quantifiable criteria. The system has two basic components: numeric-based and competency-based.

Ziraat Bank's strategies are captured in the field through the performance system. Indicators associated with customer-focus, profitability, productivity and risk management have a significant impact on the numeric performance score. The numeric performance scores calculated according to measurements of goals, development and magnitude are combined with competency scores, which provide individuals rankings that are used as the basis of performance bonus payments.

Determined and paid on the basis of periodically conducted individual performance reviews, individual performance bonuses are intended to strengthen the Bank's customer-focused business model, to promote a marketing and effectiveness-focused approach to work, to increase company loyalty by motiving personnel, and to provide tangible benefits to those whose individual achievements are compatible with the Bank's corporate objectives.

ANNUAL LEAVES OF ZIRAAT EMPLOYEES ARE DETERMINED IN ACCORDANCE WITH THE PROVISIONS OF THE LABOR LAW, AND ADDITIONAL RIGHTS ARE ALSO GRANTED TO EMPLOYEES UNDER THE COLLECTIVE BARGAINING AGREEMENT.

A current bonus budget is determined by taking the Bank's profitability and operational results into account with the proviso that the budget's total amount not exceeds 8% of the Bank's aggregate monthly salary payments. This allocation is paid out to recipients as an individual performance bonus at three-month intervals along with their February, May, August, and November salaries based on objectively defined and numerically expressible specific criteria.

In this system, which has been set up to focus mainly on marketing in line with the Bank's strategies and targets, bonuses are paid so as to enhance the earnings of those, who contribute more to the realization of those strategies and targets

The different coefficients that are used when calculating bonuses are determined according to branch segment and scale, individual performance ranking, and job position criteria. Marketing group personnel bonuses are calculated in direct proportion to the individual performance points in each section.

Aiming to motivate employees for increasing their corporate engagement and to reward individual achievements aligned with corporate strategies, Ziraat Bank included all other Head Office units within its performance management system as of the second quarter of 2018, together with the units subject to numeric performance measurement in place, based on the competence-based evaluation system.

On the other hand, within the framework of the fundamental Ziraat Finance Group concept, individual performance evaluation, competence evaluation and bonus system practices were launched at domestic subsidiaries. During the reporting period, the Bank kept taking steps to introduce individual performance management systems also at foreign subsidiaries. Ziraat Bank plans to follow up the outcomes of the performance system devised for foreign subsidiaries and to initiate performance bonus payments also at these units in 2020.

Within the scope of Individual Performance and Competence Evaluation System, the process of calculation of performance premiums by including competence scores in the numeric performance scores and designing training plans accordingly has started in June 2018. In the future, the effect of the performance system outcomes is targeted to continue increasingly.

EMPLOYEE SUGGESTIONS
Having established a relationship with its employees erected on mutual communication, Ziraat Bank aimed to involve employees within the decision-making mechanism, to benefit from their knowledge, to encourage them to research, and to further enhance productivity and quality in services. Accordingly, employees conveyed 2,862 suggestions to the system during 2019, and actions were taken as necessary.

2020 OUTLOOK
Ziraat Finance Group will continue to offer career opportunities and modern working conditions in 2020.

Work processes that are digitalized and the new generation's expectations from business life that are reshaped as a result of advancements in technology compel modifications particularly in recruitment, career management and talent management processes. Along this line, the Bank began working on vesting the processes in a lean structure so as to be able to respond more quickly to changing needs, to increase digitalization, and to make use of data analytics.

ZIRAAT BANK CONSIDERS TRAINING AND DEVELOPMENT ACTIVITIES CRITICAL FOR BUILDING ON EMPLOYEES' PROFESSIONAL KNOWLEDGE AND SKILLS, AND PERSONAL SKILLS ALIKE.

TRAINING

Ziraat Bank considers training and development activities critical for building on employees' professional knowledge and skills, and personal skills alike.

Every year, the Bank polishes up the training programs to ensure that all its employees are knowledgeable and visionary individuals possessing the necessary technical background in banking business and having a command of international literature and practices. Ziraat Bank implemented various training projects along this line also in 2019.

TRAINING ACTIVITIES
Providing continuous professional and personal development opportunities to its employees, Ziraat Bank averaged 13.35 hours of classroom training and 21.87 hours of e-learning per person during 2019.

Training activities for employees carried out in 2019 are as follows:
- "Ziraat First Step Trainings" for new recruited employees to help them get to know the Bank, adapt to corporate culture and gain major knowledge and skills required,
- "Management Candidate Program Training" for preparing the employees holding supervisor title for manager/branch manager positions,
- "Career Trainings" designed to equip employees with basic knowledge and skills necessary for them to fulfill their roles and responsibilities, which are given in accordance with their respective positions,

- "Development Trainings" to meet training needs in accordance with the Bank's goals and strategies or to present information about new products, services and regulations,
- "Training of Legal Obligations" in connection with the legislation.
- "Licensing/Certificate Trainings" for preparing employees for national and international license and certificate qualification exams.

PROFESSIONAL TRAINING IN LINE WITH THE LEGISLATION
Ziraat Bank conducts systematic training activities related to prevention of laundering proceeds of crime and financing of terrorism for its employees.

During 2019, 80% of the employees participated in the training programs.

e-LEARNING
In addition to classroom trainings, the Bank's employees were presented with digital trainings such as e-learnings, gamification and virtual classes in 2019.

E-learnings offer the advantages of allowing education to be provided to more employees in a short period of time, at low cost, without any loss of labor and at the employee's place of work or their home. Some of the existing e-learnings which also support classroom trainings were updated and some new ones were added in 2019.

In 2019, approximately 41 e-learnings were assigned to each user and total e-learning time per user was 21.87 hours. As at year-end 2019, there were over 200 e-learnings (interactive e-learnings, videos, book summaries/articles, e-books, etc.) available on the system.

The most frequently accessed e-learnings in 2019 were, in order, Laundering of Proceeds of Crime and Financing of Terrorism, Original Banknotes and their Technical Properties, Cheque Law, Code of Obligations and Security Characteristics of Cheques.

With the virtual classroom method, trainings were made available to employees where they

IN ADDITION TO CLASSROOM TRAININGS, THE BANK'S EMPLOYEES WERE PRESENTED WITH DIGITAL TRAININGS SUCH AS E-LEARNINGS, GAMIFICATION AND VIRTUAL CLASSES IN 2019.

can watch the trainers live and ask questions, at their computers without leaving their branches. Thanks to this method, 1,012 employees received trainings on their computer at their branches.

In addition to these methods, "serious game" application was offered to employees to be used on smart phones, which allows for solution of questions, thus making learning permanent. The application asks participants to increase the number of their branches and portfolios by selling products on real-time basis in a virtual environment populated by customers from different segments depending on the difficulty level. The number of app users was 3,450 who spent 7,026 hours in total for an average of 14 minutes per person. 200 questions related to banking, which were available under the academy section of the game, were solved approximately 400,000 times.

E-learnings were offered to children under the headings:

- Money-Bank Island
- Saving Island
- Loan and Credit Card Island
- Budget Island.

These modules are designed to educate children in the relationship between money and banks, operation of banks, Internet and telephone banking, informed use of loans and credit cards, and using all resources from money to electricity and water economically.

Within the scope of e-learning activities, farmers are provided with awareness training in a wide variety of subjects ranging from modern irrigation techniques to agricultural insurance. In addition, an e-learning program titled "How does the Credit Card System Work?" was prepared for all customers.

INTERNSHIP OPPORTUNITIES
During 2019, internship opportunities were provided at various units of Ziraat Bank to approximately 3,000 students attending Vocational High Schools and Higher Education Institutions who are required to do internship as per the Law no. 3308.

SOCIAL RESPONSIBILITY AND PUBLIC RELATIONS

The social responsibility initiatives carried out by the bank reflect the importance it attaches to the society.

Ziraat Bank aims to take the mission it has assumed within the framework of corporate social responsibility further every year, and to ensure permanence in this respect. To achieve this goal, the Bank uninterruptedly carries on with its activities in various areas with a particular focus on culture, art, education and sport that will contribute benefits to the society.

Ziraat Bank continued to support projects designed for the improvement of individuals and the community in 2019.

SUPPORTING CULTURE AND ART ACTIVITIES IS A LONG-EMBRACED TRADITION FOR ZIRAAT BANK.
Ziraat Bank has been contributing to activities in various artistic disciplines in keeping with its motto "In Art for Art" that summarizes the importance it has attached to art and artists ever since its establishment. The Bank added Çukurambar Art Gallery that it opened in 2019 to its Ankara Kuğulu and İstanbul Tünel Art Galleries that debuted in the 1990s. A total of 25 exhibitions put on display during the reporting period in the Kuğulu Art Gallery in Ankara and the Tünel Art Gallery in İstanbul attracted more than 15,000 visitors.

THE SOCIAL RESPONSIBILITY INITIATIVES CARRIED OUT BY THE BANK REFLECT THE IMPORTANCE IT ATTACHES TO THE SOCIETY.

The "State Theaters at Ziraat Stage" which was executed under the cooperation of the General Directorate of State Theaters and Ziraat Bank with the mission of supporting culture and arts, continues to serve theatre lovers.

ZIRAAT BANK BOASTS ONE OF THE MAJOR SCULPTURE AND PAINTING COLLECTIONS IN TURKEY.
Ziraat Bank brings the artworks in its collection to the public with its collection book and comprehensive exhibitions it organizes. With more than 2,500 artworks, Ziraat Bank Painting Collection continues to expand with the works of art purchased from artists that are exhibited at Ziraat Bank galleries.

TURKEY'S FIRST BANKING MUSEUM WAS ESTABLISHED BY ZIRAAT BANK.
Ziraat Bank Museum was opened in 1981 with the purpose of passing on the Bank's experience and accumulations to the future generations. The Museum is set in the Hall of Honor on ground level of the historic headquarters building in the Ulus district of Ankara, which was built in 1929 by Italian architect Giulio Mongeri as one of the structures of the First National Architectural Period.

Following the restoration initiated at the historic building in 2017, the Ziraat Bank Museum was expanded to include the basement floor and was enriched with digital components in line with contemporary museum standards, and reopened its doors in November 2019 with its new visage.

The "State Theaters at Ziraat Stage" which was executed under the cooperation of the General Directorate of State Theaters and Ziraat Bank with the mission of supporting culture and arts, continues to serve theatre lovers.

ACTING WITH THE SPIRIT OF GIVING BACK TO THE COMMUNITY FOR 156 YEARS, ZIRAAT BANK HAS EXTENDED SUPPORT TO VARIOUS SOCIAL RESPONSIBILITY PROJECTS ALSO IN 2019.

ZIRAAT BANK IS AN IMPORTANT CONTRIBUTOR TO THE DEVELOPMENT OF TURKISH SPORTS.
Having given its name to the Turkish Cup in connection with its sponsorship for the past 10 seasons, Ziraat Bank contributed significantly to the development of the Turkish sport. At the same time, Ziraat Volleyball Team competing in the Turkish Men's Volleyball leagues since 1981 has been contending successfully in both the Efeler (Premier) League and AXA Sigorta Cup Volley (Turkish Cup) in the 2019/2020 season. Having succeeded in being the runner up in the CEV Cup in 2017-2018 season, Ziraat Volleyball Team represented Turkey at the Balkan Cup organized in Pazardzhik, Bulgaria and claimed the championship. The team also won the Turkey Champion titles in the U-18 and U-20 categories at the latest Infrastructure Turkey Championships.

Acting with the spirit of giving back to the community for 156 years, Ziraat Bank has extended support to various social responsibility projects also in 2019.

- Ziraat Bank sponsored Ara Güler Retrospective in order to bring photographs of Ara Güler, one of the most important Turkish photography artists, to art lovers in various capital cities around the world. Having made its world premiere in London, England on 23 April 2019, the exhibition will tour a total of six countries, namely UK, France, Japan, USA, Italy and Somali over the course of one year.
- Conducted by the Ministry of National Education, Z-Library Project is intended to disseminate the culture of reading, help develop libraries, deliver a service of sustainable quality, and provide materials support. Ziraat Bank's support for the making of Z-Libraries decided to be set up in 81 cities continued in 2019.
- Additionally, the Bank keeps supporting the Medeniyet University Ziraat Bank Library Project, which is planned to be the largest library in İstanbul, with the aim of consolidating its support to the socio-cultural and economic development of Turkey and of gifting a permanent value to our country.
- In 2019, Ziraat sponsored Teknofest İstanbul, one of the largest aviation, space and technology events in the world in terms of the number of visitors.
- Improvements to schools located in priority development areas continued within the scope of the "Children on Vacation, Schools in Renovation" social responsibility project in 2019.
- One of the goals of the national education policies is to instill an awareness of cultural values, history and literature in the youth attending higher education as they are the ones who will be steering the socio-cultural and economic development and progress of Turkey in the future. In keeping with this goal, Ziraat Bank kept giving support to seminars, conferences and training activities organized by the Higher Education Student Loans and Dormitories Authority for the youth in higher education who live in dormitories owned by the said authority in 2019.

ADVERTISING AND COMMUNICATION ACTIVITIES
In "The Most Valuable 500 Bank Brands-2019" survey conducted by Brand Finance, Ziraat Bank was named Turkey's most valuable bank brand, and the advertising film was broadcast in integration with the highly popular "Turkish Cinema" (Yeşilçam) commercial.

Subsidized Housing Loan advertising film for homes to be purchased from housing firms that have an agreement with Ziraat Bank, and Greenhouse Farming advertising film were broadcast.

Advertising film was aired for Inflation-Indexed Interest-Protected Term Deposit Account and Inflation-Protected Deposit Account products.

The advertising film produced for the launch of Bankkart Başak, the new card Ziraat Bank offered to its Commercial/SME customers, was released.

The advertising film specifically made for the first year of Bankkart was broadcast, and the advertising film explaining the Bankkart feature that enables post-shopping interest-free instalments was released. In addition, Bankkart advertising films made for the Mother's Day and the Father's Day were aired.

Three advertising films on "online channels" were broadcast which publicize the new generation Internet Branch and Mobile Branch that offer speed and convenience in banking transactions.

"Ziraat Turkish Cup 10th year" advertising film was presented to the audience which was made to celebrate the 10th year of Ziraat Turkish Cup.

OTHER ACTIVITIES
Using the corporate identity in accordance with Ziraat Bank's standards, all Ziraat Bank branches received visits in 2019 within the scope of Visual Identity Supervision activities which are being carried out with the aim of correctly perceiving the Ziraat brand image by customers, integrating corporate identity standards into all environments and preventing errors.

Ziraat Bank carries out activities to cement its position in the sector, to increase its brand value, and to become a brand that achieves complete customer satisfaction. In this context, the Bank commissioned a Customer Satisfaction Survey in 2019 to measure the customers' level of satisfaction and loyalty.

Ziraat Bank became the most effective Bank in the sector in social media channels in which it operates in order to respond to its customers' requests and expectations at each platform and keep customer satisfaction at the highest level.

"ZIRAAT TURKISH CUP 10TH YEAR" ADVERTISING FILM WAS PRESENTED TO THE AUDIENCE WHICH WAS MADE TO CELEBRATE THE 10TH YEAR OF ZIRAAT TURKISH CUP.

As of 2019, attracting more than 2,160,000 likes and followers at its Facebook page, the Bank increases its effectiveness in social media every day with its posts on Twitter with more than 396,000 followers, Instagram with 169,000 followers, more than 70 million viewings at YouTube and other similar platforms.

SPONSORSHIPS
Under the cooperation established between Ziraat Bank and the Ministry of Justice, support was given to the construction of the Packaging Waste Collection/Sorting and Manufacturing Facility for Products made of Recycled Plastics Project, which is set up Sincan Prison and Correctional Facility in Ankara housing 8,560 arrested and convicted individuals, with the aim of improving the living quarters of arrested and convicted people, providing better service to them and training them in a vocation or craft.

In a bid to contribute through theater to April 23 National Sovereignty and Children's Day, to promote children's theaters and to provide intercultural communication by following up the developments, Ziraat Bank, under the auspices of the Directorate General of State Theaters, has been sponsoring the Little Ladies, Little Gentlemen International Children's Theater Festival organized every year between April 23-April 30 since 2005.

OUR ACHIEVEMENTS CONTINUE TO BE CROWNED WITH AWARDS.

In 2019, Ziraat Bank claimed awards with numerous projects, product, and brand introductions and social media and corporate social responsibility initiatives conducted.

The awards garnered in 2019 for Ziraat Bank's initiatives recognized and admired by its stakeholders are listed below:

IN 2019, ZIRAAT BANK CLAIMED AWARDS WITH NUMEROUS PROJECTS, PRODUCT, AND BRAND INTRODUCTIONS AND SOCIAL MEDIA AND CORPORATE SOCIAL RESPONSIBILITY INITIATIVES CONDUCTED.

AWARDS

Data Analytics Award - Most Efficient Bank in Social Media
Lovemarks 2019 - Turkey's Lovemark in Banking (4 years in a row)
Stevie Awards - "Best New Product or Service of the Year - Business Information Solution / Operation Center "Operation Center Everywhere" Project / Gold Stevie
Turkey Youth Awards - Best Bank
Good Life Brands - Best Banking and Financial Institution
Financial Services Forum Product & Service Innovation 2019 - Best International Project
EMEA Finance Awards 2018 - Best Transport / Highway / Renewable Energy Finance Deals
Universum and HBR Turkey –Most Attractive Employers Survey / Most Desirable Bank to Work for
Sardis - 155th Year Advertising Film / Integrated Communication / Banks / Silver Prize
Brand Finance Banking 500 - Turkey's Most Valuable Banking Brand 2019
Stevie Awards - Ziraat Turkish Cup Advertising Film / 2 Gold +1 Silver Stevie
Stevie Awards - 155th Year Advertising Film / 1 Silver +1 Bronze Stevie
Clio Awards - Ziraat Turkish Cup Advertising Film / Bronze
Felis - Ziraat Turkish Cup 10th Year Communication / 1 Felis 2 Achievement Awards
Crystal Apple Awards - 155th Year Advertising Film / Crystal Award
Financial Innovation Awards 2019 - Business Life Transformation / Employee Interaction Initiative
Global Banking & Finance Awards 2019 - Most Innovative Digital Transformation Project and Employee Initiative
Effie - 155th Year Advertising Film
Cx Awards - Best Digital Customer Experience Award / Internet Banking Log-in with T.R. ID Card

INITIATIVES THAT ZIRAAT BANK BELONGS TO OR SUPPORTS

Banks Association of Turkey (TBB) - www.tbb.org.tr
Foreign Economic Relations Board of Turkey (DEİK) - www.deik.org.tr
International Chamber of Commerce (ICC) Turkey National Committee - icc.tobb.org.tr
Kredi Kayıt Bürosu (KKB) - www.kkb.com.tr
TBB Risk Center - www.riskmerkezl.org
Economic Research Foundation - www.iav.org.tr
Internet Fraud Alarm System (IFAS)
Interbank Card Center (BKM) - www.bkm.com.tr
Investor Compensation Center - www.ytm.gov.tr
Capital Markets Board of Turkey - www.tspb.org.tr
Call Centers Association - www.cagrimerkezleridernegi.org
Borsa İstanbul - www.borsaistanbul.com

2019 GREENHOUSE GAS EMISSIONS OF ZIRAAT BANK

The study into Ziraat Bank's greenhouse gas inventory was completed by collecting 2019 energy data from the Headquarters and domestic branches.

With respect to greenhouse gas emissions, the points set out in Scope 1 and Scope 2 in the GHG Protocol and ISO 14064-1: 2006 standard are referred to. The IPCC, TIER-1 Methodology was used to calculate greenhouse gas emissions within the specified limits, and TIER-2 Methodology for activity data with national data (electricity). The GWP (Global Warming Potential) coefficients used in the calculations are taken from the IPCC AR5 assessment report.

In terms of the distribution Ziraat Bank's greenhouse gas emissions based on their source, electricity accounted for the highest share of emissions with a 58% share (62% in 2018), followed by emissions from the company's vehicles with a 19% share, and fuels used in the buildings (14% share). The upward trend in emissions from refrigerant gases (F-gases) seen in 2018 continued (2017; 4%, 2018; 8%, 2019; 9%).

In 2019, the Bank's scope 1 emissions increased by 16% compared to 2018 (29,015 tCO_2e) to 33,780 tCO_2e.

THE STUDY INTO ZIRAAT BANK'S GREENHOUSE GAS INVENTORY WAS COMPLETED BY COLLECTING 2019 ENERGY DATA FROM THE HEADQUARTERS AND DOMESTIC BRANCHES.

45% of these emissions consisted of diesel, with natural gas and F-gases each comprising 22% of the total.

Ziraat Bank's indirect greenhouse gas emissions increased by 1.94% compared to 2018. 0.54% of this increase was due to the increase in electricity consumption, while the remaining 1.40% was due to the electricity emission coefficient.

The greenhouse gas inventory for 2019 amounted to 81,534 tCO_2e, an increase of 7.48% from the previous year (75,857 tCO_2e), but it remained lower than the greenhouse gas emissions realized since 2015.

Ziraat Bank's greenhouse gas intensity (tCO_2e/million TL turnover) continued to decrease (from 0.14 in 2018, 0.13 in 2019), with further falls targeted by supporting effective energy management practices.

CHANGE IN INDIRECT GREENHOUSE GAS EMISSIONS

	2018		2019		%
Indirect Greenhouse Gas Emissions (Scope 2)	**Indirect Energy Consumption**	**Indirect Greenhouse Gas Emissions (tCO_2e)**	**Indirect Energy Consumption**	**Indirect Greenhouse Gas Emissions (tCO_2e)**	**Change (Scope 2)**
Purchased electricity (kWh)	92,460,676	46,841	92,956,203	47,754	1.94
Total		46,841		47,754	1.94

ZIRAAT BANK CONTINUED THE EFFORTS WHICH STARTED IN 2017 TO ESTABLISH AN ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT SYSTEM FOR CERTAIN INVESTMENT LOANS IN 2019.

PROJECT FINANCE ACTIVITIES AND THE ENVIRONMENT
Ziraat Bank provides financing support for infrastructure projects such as airports, highways and bridges, which contribute greatly to the country's economy and employment, as well as renewable energy projects.

Within the scope of project financing, the bank arranges private loan contracts and conducts environmental and social risk assessments.

Within the scope of the project financing work involving Ziraat Bank, IFC Performance Standards, EBRD Performance Standards and Equator Principles Compliance Commitments are added to the loan agreements in consortia where the IFC or EBRD are involved as financiers. In addition to the related projects, eight projects require compliance with Equatorial Principles. In such cases, compliance with these criteria is followed by reports prepared by Technical and Environmental Consultants. There was no situation where these criteria could not be met during 2019.

In the contracts prepared by Ziraat Bank, statements and commitments regarding environmental and social issues are taken in accordance with the laws and regulations to which the customers are bound, as well as non-compliance with declarations and commitments are issued as a default state.

Customer commitments are regularly monitored through periodic reports from environmental consultants or investors.

As of the end of 2019, a commitment was in place to plant trees in 5 projects. In this context;
- Within the framework of the Environmental and Social Action Plan, a commitment was taken for the afforestation of 5,000 hectares of land (a minimum of 10 million trees).
- A minimum of 1,666,666 trees are planned to be planted annually around the facility's impact area, with a total of 5 million by December 31, 2020, and 10 million by the end of the 10 year period.
- A commitment was given for the afforestation of 2,940 hectares of land.
- A total of 4,951,580 trees will be planted within the framework of the afforestation plan.
- Within the scope of Environmental and Social Action Plan, the company committed itself to plant up to 4 times as many trees as are felled, in the event any process which requires trees to be cut down.

Within the framework of Corporate Social Responsibility Policy, Ziraat Bank continued the efforts which started in 2017 to establish an environmental and Social Risk Management System for certain investment loans in 2019.

In this context, the Bank's efforts to establish "Environmental and Social Impact Management Policy in Lending Activities" and to determine procedures for this purpose and integrate them into lending processes will continue in 2020.

ENERGY EFFICIENCY STUDIES
In 2019, 473 air conditioning systems equipped with high energy efficiency inverter technology using ozone-friendly R410A coolant gas were installed in Ziraat Bank's buildings.

In order to reduce the cost of heating and to increase energy efficiency, the Bank has purchased 132 of the air conditioning units which it installed in accordance with the next generation VRF system standard. These units maximize both energy saving and comfort. A total of 3.84 tons of R410A coolant gas was used in the installed systems.

Within the scope of implementations realized on energy saving and the efficient use of energy resources, in line with Green IT applications aimed at optimizing the energy consumption of computers, warning messages are sent to the users at specified times to encourage them to shut down computers which remain open outside the working hours, and the computers are automatically shut down where there is no intervention.

Generators are monitored remotely and centrally and are controlled whether or not they are activated in the event of a power outage. Fuel conditions are also monitored remotely and matched with Uninterruptible Power Supplies in case of potential power outages.

Ziraat Bank, which has one of the most widespread ATM networks in Turkey, has completed the project of using biometric systems at ATM cabin entrances. Within the scope of the project, data on ATM cabin temperature and energy consumption is monitored centrally and usage adjustments are made with this data in a bid to reduce energy expenditures.

"Freecooling" is applied for air conditioning in the Ziraat Data Center. Energy is consumed in a more sustainable way with energy savings when compared to traditional central air conditioning systems, where free cooling is carried out by using outdoor climatic resources.

WASTE MANAGEMENT AT ZIRAAT BANK
Empty toner cartridges and drum units which are past their use in Ziraat Bank branches are destroyed under the manufacturer's responsibility. In 2019, a total of 14,340 kg (9,800 units) of waste products were accredited and disposed of by the recycling company.

Defective IT equipment in the bank units and branches is collected in Bank service centers and returned to use by carrying out repairs and renewals. Waste IT materials, sheet metal materials such as system cabinets and air conditioning units, battery and scrap ATM devices are sold to companies which hold a transport and processing license issued by the Ministry of Environment. Thus, waste is treated as raw material through recycling, preventing such waste from harming the environment.

THE DIGITIZATION OF PRODUCT AND SERVICE PROCESSES IMPLEMENTED AT ZIRAAT BANK SUPPORTED THE SIGNIFICANT GAINS IN PAPER SAVINGS IN 2019.

In the process of replacing the chemicals from fire tubes which have expired, we are working with companies authorized to collect and dispose of the chemicals.

In addition, waste such as glass, plastic and paper from the bank service buildings is collected in cooperation with the municipalities.

Necessary work is being carried out at Ziraat Bank within the scope of the transition to a Zero Waste Management System.

HELPING THE ENVIRONMENT BY SAVING PAPER
The digitization of product and service processes implemented at Ziraat Bank supported the significant gains in paper savings in 2019.

Highlights from paper saving and waste paper recycling
Documents and waste papers whose legal retention periods have expired at Ziraat Bank are sold to contracted authorized companies for recycling. In this context, approximately 1,250 tons of waste paper was recycled in 2019.

As of 2015, daybooks and general ledgers have been kept in an electronic format rather than a print format. This application has saved over 1 million sheets of A4 paper in Ziraat Bank annually.

Within the scope of the centralized bulk statement dispatch project, statements are delivered by e-mail to customers who need to receive them or who have requested a statement, and this application saved more than 31 million sheets of A4 paper in 2019.

As of 2019, 369,633 bank receipt emails have been sent relating to transactions carried out by the Operations Center. On the other hand, 216,059 e-invoice payments contributed significantly to paper savings.

In 2019, 18,693 items of non-bank correspondence were sent over e-signature through the REM system, saving more than 37,000 sheets of paper.

By performing mortgage release transactions electronically, paper savings in 2019 exceeded 308,000 sheets.

Within the scope of the e-mortgage project, which was put into operation in 2018, the registration requests of the real estate mortgages which will constitute the collateral of the corporate loans (and, from 1 April, 2019, housing loans), started to be sent electronically to the relevant Land Registry Office. This removed the requirement for official deed and General Loan Agreement copies to be sent to land registry offices. In this context, more than 4 million sheets of A4 paper were saved in electronic mortgage transactions for corporate and housing loans in 2019.

Ziraat Bank aims to scan all documents obtained and prepared during the credit evaluation, proposal and utilization stages with its virtual credit file project and to create the documents through the system. It is calculated that this project saved more than 8 million pages of paper in 2019.

EFFORTS TO OBTAIN INFORMATION AND DOCUMENTS PROVIDED BY OTHER INSTITUTIONS AND ORGANIZATIONS IN ACCORDANCE WITH THE LEGISLATION IN ELECTRONIC MEDIA FROM RELATED INSTITUTIONS CONTINUED IN 2019.

Efforts to obtain information and documents provided by other institutions and organizations in accordance with the legislation in electronic media from related institutions continued in 2019.

The audit model being implemented brought an end to the practice of physical document/report submission by producing all branch reports over the system. In addition to branch audits, audit reports for all head office units have been prepared and monitored through the system. Thus, with the e-signature and virtual archive application being used, all audit and review/investigation reports are archived digitally on the main banking software without the need for a physical document archive. By transferring the inspection and audit reports to the system, approximately 180,000 sheets of A4 paper have been saved per year.

Approximately 1,909,000 sheets of A4 paper were saved in 2019 as part of sending in-House correspondence over electronic media.

ZIRAAT TOWERS: LEED CERTIFICATE TARGET
Ziraat Bank aims to obtain LEED Certification by designing the Ziraat Towers to be built at the Istanbul International Finance Center campus located in Ataşehir in accordance with international environmental standards.

EXAMPLES OF ACTIONS TO PROTECT THE ENVIRONMENT TAKEN WITHIN ZIRAAT BANK'S FOREIGN SUBSIDIARIES

Ziraat Bank Montenegro AD offers the opportunity to finance environmentally friendly projects such as small hydroelectric plants, wind farms and solar energy projects within the scope of investment loans.

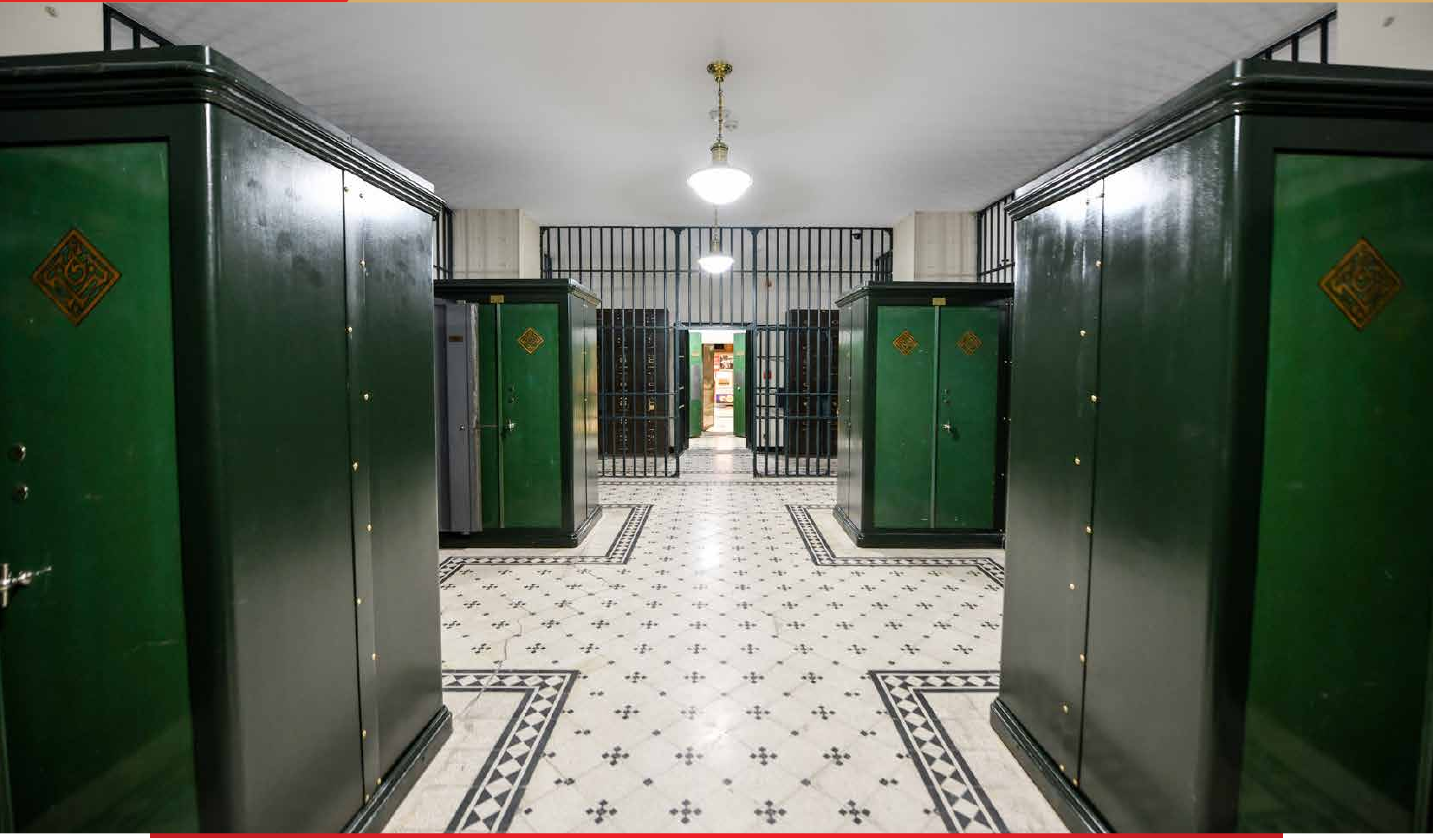
Turkmen Turkish JSC Bank has planted more than 400,000 trees as part of reforestation activities in Turkmenistan and undertaken the maintenance of these trees.

Renovations at 107 service points
Within the scope of continuous improvement work taken in physical service points, the materials used in construction projects such as installations, electrical components, equipment, furniture and furnishings are examined within the scope of R&D work, and the functionality and recycling properties of the materials are taken into consideration with the concepts which will minimize damage during the selection, with consideration given to the environmental impact. Within the scope of the sustainability concept at the Bank, 107 service buildings were renovated in 2019.

WITH A NUMBER OF ICONIC BUILDINGS WHICH ARE EXAMPLES OF TURKISH ARCHITECTURAL HISTORY, ZIRAAT BANK CARRIES OUT METICULOUS CONSERVATION WORK IN ORDER TO MAINTAIN THESE BUILDINGS INTO THE FUTURE.

Ziraat Bank protects cultural heritage.
With a number of iconic buildings which are examples of Turkish architectural history in many provinces besides Ankara and Istanbul, Ziraat Bank carries out meticulous conservation work in order to maintain these buildings into the future. With 42 registered buildings built since 1910, the Bank remains committed to conserving their original architectural design as well as carrying out renovation work sympathetic to the original buildings in order to protect the cultural heritage.

Introduction
Value Creation and Strategy
In 2019
Management
Financial Information



ZIRAAT BANK'S SUBSIDIARIES IN 2019

WITH OPERATIONS IN 18 COUNTRIES AT 108 LOCATIONS, ZIRAAT BANK CONTINUES TO CONTRIBUTE TO GEOGRAPHICAL REGIONS THAT IT OPERATES.

With operations in 18 countries at 108 locations, Ziraat Bank continues to contribute to geographical regions that it operates.

Ziraat Bank's corporate subsidiary strategy is designed on strengthening equity with sustainable profitability.

Providing its customers products and solutions in all areas of financial services within the frame of its subsidiary policy built on foundations of efficiency and profitability, Ziraat Bank has a wide domestic and foreign subsidiary portfolio.

The Bank's main goal is to increase its subsidiary's share of assets and profits in Ziraat Finance Group in the medium term and provide all services under Ziraat Finance Group umbrella.

In this context the Bank operates with the following objectives:
- to maximize the synergies between domestic subsidiaries operating in different sectors and foreign subsidiaries spread over a wide geographical area,
- to contribute financially to its customers' transaction flows all around the world and establish a global customer management principle,
- to introduce new/pioneering financial technologies to geographical areas that the Bank operates in.

Ziraat Bank regularly evaluates organic and inorganic growth alternatives in the countries and sectors where it identifies potential based on profitability and efficiency, in line with its strategy and goals.

During 2019, the Bank's foreign service network reached 108 locations with the following 6 branch openings:
- KZI Bank Central Branch No. 1 Banking Services Center/Almaty and Karaganda in Kazakhstan,
- Kutaisi branch in Georgia,
- Sumqayit in Azerbaijan,
- Corporate Branch/Tashkent, Uzbekistan,
- Ferizaj in Kosovo (Ziraat Bank branch).

INTERNATIONAL SUBSIDIARIES

GERMANY
Ziraat Bank International AG is the most significant 100% Turkish capital bank in Federal Republic of Germany and European Union.

Ziraat Bank International AG has been serving its corporate and customers from a wide range of retail segments with its branches in Germany for 55 years and from the Istanbul Representative Office, which entered operation in April 2014.

Ziraat Bank International AG currently has branches in Berlin, Duisburg, Frankfurt, Hamburg, Hannover, Köln and Munich.

BOSNIA
ZiraatBank BH d.d., which began its activities in 1997, was Bosnia and Herzegovina's first bank to be owned by foreign capital. ZiraatBank BH d.d. provides services through 32 service units throughout the country.

MONTENEGRO
After receiving permission to engage in banking operations from the Montenegro authorities in April 2015, Ziraat Bank Montenegro AD began offering service in July 2015. The bank carries out its activities out of its Bar and Budva branches, as well as the Head Office and the Podgoritsa Branch in the capital Podgoritsa. The bank is a wholly-owned subsidiary of Ziraat Bank.

AZERBAIJAN
Ziraat Bank Azerbaijan ASC acquired its banking license as of 30 December 2014 and continues its operations with Headquarters in Baku and branches in Ganja, Sumqayit and Old City. All of the shares of the bank belong to the Ziraat Finance Group.

RUSSIA
Established in 1993 as a joint venture of Turkey and Russia, Ziraat Bank (Moscow) JSC has been operating as a bank fully backed by Turkish capital since 2002, with a focus on corporate banking.

KAZAKHSTAN
Kazakhstan Ziraat International Bank (KZI Bank) was established in 1993 as the first bank with foreign capital in Kazakhstan with its head office in Almaty. The bank provides services to customers in the corporate and retail banking fields through its 7 branches in the cities of Almaty, Astana, Shymkent, Aktau Atırau and Karaganda.

UZBEKISTAN
UTBANK JSC, Uzbekistan's first bank with foreign capital, was established in 1993 in Tashkent with a Category 1 banking license, with the equal participation of Ziraat Bank and Agrobank (Uzbekistan). The bank provides all banking products and services in the corporate and retail banking fields to its customers at international quality standards. In the last quarter of 2017, all of Agrobank's shares in the Bank were transferred to Ziraat Bank and 100% of UTBANK JSC's shares were registered in the name of Ziraat. The Bank continues its activities as "Ziraat Bank Uzbekistan JSC".

Following Operu, Yunusabad branches, the Corporate Branch/Tashkent was opened at year-end 2019.

GEORGIA
JSC Ziraat Bank Georgia, previously operating as a foreign branch, was transformed into the status of a 100% subsidiary on 2 May 2017 with the principle of strengthening the economic relations with this country.

Following Batumi, Marneuli, Tbilisi and Tsereteli branches, Kutaisi Branch was opened as the fifth branch in December 2019.

TURKMENISTAN
Turkmen Turkish JSC Bank, Turkmenistan's first bank with foreign capital, was established in 1993 with the equal participation of Ziraat Bank and Dayhan Bank (50% each). The bank operates with one Headquarters Service Building and six offices in Toptancı Pazarı, Türkmenabad, Mary, Daşoguz, Kerki and Bereketli in Turkmenistan.

DOMESTIC SUBSIDIARIES

ZIRAAT KATILIM BANKASI A.Ş. (Ziraat Participation)
Established in 2015 as the first public participation bank backed by public capital, Ziraat Katılım Bankası (Ziraat Participation) was providing services out of 93 branches in 43 provinces as of 2019 year-end. The bank acquired Ziraat Finansal Kiralama A.Ş. (Ziraat Leasing) on 1 March 2019, and was honored with 3 awards for this merger at the Stevie Awards, a business awards program recognizing world-class successful enterprises, projects and initiatives. The author of several firsts in the sector, the bank has espoused the "Joint Investments Model" in order to support profitable and sustainable investments.

ZIRAAT SIGORTA A.Ş.
Ziraat Sigorta was established on 11 May 2009 and began its insurance activities in 2010. The company succeeded in becoming an exemplary company in the sector, maintaining sustainable growth and profitability while commanding a leadership position in the premium generation of banking insurance.

ZIRAAT BANK'S SUBSIDIARIES IN 2019

ZIRAAT HAYAT VE EMEKLİLİK A.Ş.
Ziraat Hayat ve Emeklilik, which obtained the permission for its establishment in 2009, started to sell products in the life and personal accident insurance branches at the beginning of 2010 and in the Individual Pension branch in July 2011.

ZIRAAT PORTFÖY YÖNETİMİ A.Ş.
Ziraat Portföy Yönetimi was founded in 2002. Ziraat Portföy Yönetimi obtained the authority to be a fund founder in 2015 and is now the founder-manager of 19 investment funds and manager of 74 pension investment funds, together with interest-free funds. (21 Ziraat Emeklilik, 27 Vakıf Emeklilik, 20 Halk Emeklilik and 6 Bereket Emeklilik funds).

Within the framework of financial system restructuring under the New Economic Program, Vakıf Portföy and Halk Portföy were being merged under Ziraat Portföy Yönetimi umbrella.

ZIRAAT YATIRIM MENKUL DEĞERLER A.Ş.
Established in 1997, Ziraat Yatırım keeps on strengthening its operations to create value in corporate finance area.

In 2018, the company realized transactions in Borsa İstanbul's Stock Market, Derivatives Market (VIOP) and Repo-Reverse Repo and Bond and Bills Markets.

Within the scope of corporate finance services, Ziraat Yatırım maintained its effective position by intermediating in private sector bonds and bill issuance aimed at qualified investors in 2019.

ZIRAAT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. (ZIRAAT REIT)
Ziraat REIT began operations on 1 November 2016. Ziraat Bank owns all of the shares of the company.

The Company's 2019 operations were realized within the frame of identifying, acquisition and designing real estate investments which will have a maximum return with an optimum risk level. The Company keeps projects/land and building portfolio to carry on numerous real estate projects and continues its studies and feasibility works.

ZIRAAT GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. (ZIRAAT VENTURE CAPITAL)
Established on 14 November 2018, the company is a wholly-owned subsidiary of Ziraat Bank.

Ziraat Venture Capital acquires equity stakes in ventures with growth potential, provides the leverage and growth they need, and works to help them achieve sector-based strengthening within the frame of a corporate and strategic plan.

ZIRAAT TEKNOLOJİ A.Ş.
Since its establishment in 2001, Ziraat Teknoloji has been providing information technology services to Ziraat Bank and its domestic/foreign partnerships in the fields of application development, systems management, project management and technology consultancy. Ziraat Teknoloji continues its activities in the Technology Development Zone (Teknopark) located in the Yıldız Technical University campus. It plays an important role in the projects carried out by the Ziraat Finance Group thanks to its competence in the field of technology with the software and applications that it developed in line with the requirements of ISO 9001, 22301 and 27001 standards.

Being a company which provides competitive advantages by offering services within international standards and modern norms to meet its customers' technology needs and constantly developing itself and its products with R&D activities are among the main goals of the Company.

* The annual reports of subsidiaries can be accessed from each subsidiary's own website.

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

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To the shareholders of Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Qualified Opinion
We have audited the annual report of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. ("the Bank") for the period between 1 January 2019 and 31 December 2019, since we have audited the complete set of consolidated and unconsolidated financial statements for this period.

In our opinion, except for the effects of the matter described in the Basis For Qualified Opinion section of Independent Auditor's Reports the consolidated and unconsolidated financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited consolidated and unconsolidated financial statements regarding the position of the Bank are consistent, in all material respects, with the audited complete set of consolidated and unconsolidated financial statements and information obtained during the audit and provides a fair presentation.

Basis for Qualified Opinion
As described in the Basis For Qualified Opinion section of Independent Auditor's Report on the unconsolidated financial statements of the Bank for the period between 1 January 2019 and 31 December 2019 dated 12 February 2020; the unconsolidated financial statements of the Bank as at 31 December 2019 include a general provision of total of TL 830.000 thousands, of which TL 122.000 thousands was reversed in the current period and TL 952.000 thousands had been recognised as expense in prior periods, which does not meet the requirements of BRSA Accounting and Reporting Legislation. This general reserve is provided by Bank management for the possible effects of the negative circumstances which may arise in the economy or market conditions.

As described in the Basis For Qualified Opinion section of Independent Auditor's Report on the consolidated financial statements of the Bank for the period between 1 January 2019 and 31 December 2019 dated 25 February 2020; the consolidated financial statements of the Group as at 31 December 2019 include a general provision of total of TL 910.000 thousands, of which TL 982.000 thousand was recognised as expense in prior years, TL 50.000 thousand have been recognised as expense in current year and 122.000 thousands have been reversed in the current period, which does not meet the requirements of BRSA Accounting and Reporting Legislation. This general reserve is provided by Bank management for the possible effects of the negative circumstances which may arise in the economy or market conditions.

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

We conducted our audit in accordance with "Regulation on Independent Audit of the Banks" published in the Official Gazette No.29314 dated 2 April 2015 by Banking Regulation and Supervision Agency ("BRSA Auditing Regulation") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Annual Report section of our report. We declare that we are independent of the Bank in accordance with the Code of Ethics for Auditors issued by POA (POA's Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Auditor's Opinion on Complete Set of Consolidated and Unconsolidated Financial Statements
We have expressed a qualified opinion on the consolidated and unconsolidated financial statements of the Bank for the period between 1 January 2019 and 31 December 2019 on 25 February 2020 and 12 February 2020, respectively.

Board of Directors' Responsibility for the Annual Report
In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 ("TCC") and Regulation on the Principles and Procedures Concerning the Preparation of and Publishing Annual Reports by the Bank ("Regulation") published in the Official Gazette dated 1 November 2006 and Numbered 26333, the Bank's management is responsible for the following regarding the annual report:

a) The Bank's management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.

b) The Bank's management prepares its annual report in such a way that it reflects the operations of the year and the consolidated and unconsolidated financial position of the Bank accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Bank's consolidated and unconsolidated financial statements. The annual report shall also clearly indicates the details about the Bank's development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.

c) The annual report also includes the matters below:

- Significant events occurred in the Company after the reporting period,
- The Bank's research and development activities.
- Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

Auditor's Responsibility for the Audit of the Annual Report
Our objective is to express an opinion on whether the consolidated and unconsolidated financial information included in the annual report in accordance with the TCC and the Regulation, and analysis of the Board of Directors by using the information included in the audited consolidated and unconsolidated financial statements regarding the position of the Bank are consistent with the audited consolidated and unconsolidated financial statements of the Bank and the information obtained during the audit and give a true and fair view and form a report that includes this opinion.

We conducted our audit in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA. Those standards require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the consolidated and unconsolidated financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited consolidated and unconsolidated financial statements regarding the position of the Bank are consistent with the consolidated and unconsolidated financial statements and the information obtained during the audit and provides a fair presentation.

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

Erdal Tıkmak, SMMM
Partner

25 February 2020
İstanbul Turkey


Bankanın İç Yayınları: Ziraat Postası
T.C. ZİRAAT BANKASI
Ziraat Bankası 119 yaşında
Lokomotif, uçak, otomobil yokken
Ziraat Bankası
vardı.
FOR THE LONG TERM VIEW
T.C. ZİRAAT BANKASI
AĞAÇ YAŞ İKEN EĞİLİR
T.C. ZİRAAT BANKASI

ZIRAAT BANK BOARD OF DIRECTORS

FARUK ÇELİK
Member of the Board

FEYZİ ÇUTUR
Member of the Board

MAHMUT KAÇAR
Member of the Board

SERRUH KALELİ
Member of the Board

HÜSEYİN AYDIN
CEO and Member of the Board

AHMET GENÇ
Chairman of the Board of Directors

YUSUF DAĞCAN
Vice Chairman of the Board

MEHMET NİHAT ÖMEROĞLU
Member of the Board

YUSUF BİLMEZ
Member of the Board

ZIRAAT BANK BOARD OF DIRECTORS

DR. AHMET GENÇ
Chairman of the Board of Directors,
Dr. Ahmet Genç was born in Ankara in 1960. He graduated from Ankara University Faculty of Political Science Department of Public Administration in 1984. Between 1985 and 1990 he worked as assistant specialist and specialist at Undersecretariat of Treasury General Directorate of Banking and Foreign Exchange Banking Department. In 1990, he attended an insurance and reassurance training in England for a year. He received his graduate degree in Northeastern University Department of Economics in Boston, USA between 1993 and 1995. In 1997, he transferred from Undersecretariat of Treasury General Directorate of Banking and Foreign Exchange to General Directorate of Insurance and promoted to Head of Department in 1998. He received his PhD from Ankara University Social Sciences Institute Department of Business Administration in 2002 with his thesis on "Financial Adequacy in Insurance". Mr. Genç served as Assistant General Manager between 2002 and 2004, Deputy General Manager between 2004 and 2007 and General Manager between 2007 and 2015 at the General Directorate of Insurance and he was appointed as Deputy Undersecretary of Treasury as of 22 February 2015. He served as founding member of the boards/committees or president at various insurance related institutions and organizations such as Insurance Information Center, Insurance Training Center (SEGEM) and Agricultural Insurance Pool (TARSİM). He also delivers classes in various universities as an academician. Dr. Ahmet Genç has been appointed as the Chairman of the Board of Directors of our Bank in August 2018 and he is a member of the Corporate Governance Committee. Mr. Genç also serves as the Chairman of the Board of Directors of Ziraat Hayat ve Emeklilik A.Ş. and Ziraat Sigorta A.Ş.

YUSUF DAĞCAN
Vice Chairman of the Board
Yusuf Dağcan graduated from Eskişehir Academy of Economic and Commercial Sciences. At Vakıfbank he worked as an assistant inspector between 1977 and 1981 and as an inspector and then as a branch manager at Kırşehir, Kayseri Merkez, Konya Merkez, Meşrutiyet, and Kızılay Başkent branches between 1981-2003. He held a seat on the Board of Directors of TAIB Yatırım Bank A.Ş. from 5 September 2007 until 30 June 2008. After assuming responsibility as a member of the Audit Committee at Halkbank from 27 March 2003 until 18 April 2012, Mr. Dağcan was also the chairman of the Board of Directors of Halk Leasing, a Board member of Halk Bank A.D. Skopje operating in Macedonia, and Vice Chairman of the Arab Turkish Bank. Serving as the Vice Chairman on our Bank's Board of Directors since April 2012, Mr. Dağcan is also a member of the Bank's Credit Committee. Mr. Dağcan is Vice Chairman at the boards of Ziraat Participation and JSC Ziraat Bank Georgia.

HÜSEYİN AYDIN
CEO and Member of the Board
Hüseyin Aydın graduated from the Ankara Academy of Economics and Commercial Sciences (Faculty of Economics) in 1981. He began his career as an Assistant Inspector at Ziraat Bank and served as a director in various departments at Ziraat Bank until 27 March 2003. After working as an Executive Board member at Halkbank, as a Board member at Pamukbank and as Vice Chairman of the board at Ziraat Bank, Mr. Aydın worked as the General Manager and Board member at Halkbank between 31 May 2005 and 14 July 2011. Having joined Ziraat Bank as the CEO on 15 July 2011, Mr. Aydın also serves as the Chairman of the Banks Association of Turkey and a member of the Board of Directors of Turkey Wealth Fund.

YUSUF BİLMEZ
Member of the Board
Yusuf Bilmez graduated from the Department of Business Administration at Hacettepe University in 1979. He began his career as an Assistant Inspector at Ziraat Bank on 25 July 1983 and served as an Inspector until 1989, as Deputy Personnel Manager between 1989-1992, as a Branch Manager between 1992-2003, as an Executive Vice President between 2003-2005, as the Chairman of the Inspection Board between 2005-2007, as Group President of Internal Audit between 2007-2010 and as the Executive Vice President at Ziraat Teknoloji between 2010-2013 and as a Consultant between May 2013 to 12 June 2017. He was appointed as a Board Member of our Bank in 12 June 2017, and he is also an alternate of the Credit Committee and a member of the Audit Committee. Besides the tasks described above, he served as Vice President of Executive Board and as a Board Member in Azer Turk Bank, the Turkmen Turkish JSC Bank, Kazakhstan KZI Bank, Ziraat Teknoloji A.Ş. and Ziraat Yatırım A.Ş. respectively, which are our Bank's affiliates. He currently serves as the Vice Chairman of the Boards of Directors of Ziraat Hayat ve Emeklilik A.Ş. and Ziraat Sigorta A.Ş.

FARUK ÇELİK
Member of the Board
Born in 1956 in Yusufeli District/Artvin, Faruk Çelik graduated from Bursa Higher Islamic Institute and thereafter attended at the Department of Management in Kocaeli Management Institute. He was 21st, 22nd and 23rd term Bursa MP and 24th and 26th term Şanlıurfa MP in the Grand National Assembly of Turkey. He served as the Minister of Labor and Social Security and the State Minister at the 60th, 61st and 62nd Governments; served as the Minister of Food, Agriculture and Livestock at the 64th and 65th Governments. He has been working as a member to the Board of our Bank as of 27 May 2019.

FEYZİ ÇUTUR
Member of the Board
Feyzi Çutur graduated from Gazi University (Faculty of Economics and Administrative Sciences, Department of Banking) in 1983. He received his MBA degree from Beykent University Institute of Social Sciences Department of Business Administration. After working as accounting and finance manager at various private sector companies from 1977 until 1990, he functioned as General Accounting Manager at Bayındır Menkul Değerler A.Ş. (1990-1998), as Finance and Operations Director, Assistant General Manager and General Manager at Eti Yatırım A.Ş. (1998-2010). He served as the Fund Board member and Fund Board Chairman at Eti Yatırım and various Mutual Funds owned by Etibank, and held a seat on the Board of Directors of İktisat Yatırım A.Ş. in 2006. From July 2011 until March 2012, he was a Board member representing the Savings Deposit Insurance Fund (SDIF) at Arab Turkish Bank and its subsidiary A&T Leasing. Being a member of the Bank's Board of Directors since April 2012, Mr. Çutur is a member of the Bank's Audit Committee and Remuneration Committee, an alternate member of the Credit Committee. He is also a member of the Board of Directors, Credit Committee and Audit Committee of Ziraat Participation and the Board of Directors of Ziraat Bank (Moscow). Mr. Çutur served as a member of the Board of Directors of ZiraatBank BH d.d. until August 2017.

MAHMUT KAÇAR
Member of the Board
Mahmut Kaçar graduated from Harran University Faculty of Engineering Department of Environmental Engineering in 1999.

He served as the Deputy President of Sağlık-Sen which is an association of Memur-Sen Confederation (union of public officers) between 2002 and 2008, as the President of Sağlık-Sen and the General Secretary of Memur-Sen between 2008 and 2011. He was elected as a member of the parliament from Şanlıurfa and served at 24th and 26th terms of the parliament between 2008 and 2011. Mr. Kaçar serves as a Member of the Board of Directors and a Member of the Corporate Governance Committee of our Bank since August 2018.

He also serves as the Member of the Board of Directors at Ziraat Hayat ve Emeklilik A.Ş. and Ziraat Sigorta A.Ş. since August 2018.

SERRUH KALELİ
Member of the Board
Having graduated from the primary and secondary schools of TED Ankara College, he attended Ankara Law Faculty and graduated from this faculty in 1977. He completed his military service at the Air Force Command as the reserve officer Military Prosecutor. He was an accountant member to the Board of Directors of Ankara Bar Association respectively from 1996 to 1998; he was an accountant member and member to the Board of Directors of the two-period Turkish Law Institute between 2000-2002 and 2002-2004, an auditor member to Union of the Turkish Bar Association in 2001 for a period of four years. He took part in the preparation of Regulations under the Amended Lawyer's Act in the commissions included in the structure of the Union of Turkish Bar Associations. He served at the season of 2004-2005 as Deputy Chairmanship of the Turkish Basketball Federation Disciplinary Board; he exercised his independent occupation as a lawyer registered at Ankara Bar Association for the period elapsing from 1978-1980-1981 until 19 July 2005 on which he was elected for the membership of the Constitutional Court. He was employed as the Deputy Chairman of the Constitutional Court from 14 April 2011 to 14 April 2015 , besides by the Constitutional Amendment of 12 September 2010 he was assigned with the task of carrying out auditing the fundamental rights and freedoms which may be allegedly violated through the right to individual application which is falling within its duty and jurisdiction, he performed the Chairmanship for the first of the two sections for the period elapsing from 14 April 2011 to 14 April 2015. He has been working as the member to the Board of Directors of our Bank as of May 2019.

MEHMET NİHAT ÖMEROĞLU
Member of the Board
After graduating from the Law School of İstanbul University he was appointed as a judge in 1975. After his long lasted task as a judge, he served as the General Director of Legal Affairs and as the General Director of Criminal Affairs at the Ministry of Justice between 2003-2005. In 2005 he was elected as a member of the Supreme Court of Appeals. In November 2012 he was elected as the first chief ombudsman by the General Assembly of the Turkish Grand National Assembly and he served for a period of four years. He rendered service from 8 June 2017 to 27 May 2019 as a member of the Board of Directors of Türkiye Halk Bankası A.Ş. He has been performing his duty as a member of the Board of our Bank since May 2019.

PROF. DR. GÜLNUR AYBET
Member of the Audit Board
Prof. Dr. Gülnur Aybet is the Senior Advisor to the President of the Republic of Turkey and is a member of Security and Foreign Policies Board. She worked at Yıldız Technical University on the field of International Relations as professor between 2017-2019 in Turkey; she was the Head of Department of Political Science and International Relations and founding director of BAUCESS Security Surveys Center, Bahçeşehir University between 2014-2016; and she came back from England in 2013 and founded the Department of International Relations at İstanbul Özyeğin University. Gülnur Aybet, who held an academic post at the International Relations and Political Science Department of the University of Kent, England between 2001-2013, founded and managed the first Master's Degree Program on the field of International Security at the University of Kent. Besides, she worked as academician at the University of Nottingham in England and Bilkent University in Turkey. Her fields of specialization/majoring include international security, Transatlantic relations and post-war state and security structuring within scope of NATO and EU. Prof. Aybet got her BA degree (BA Hons Economics and Public Administration) from Royal Holloway College, London University/UK, Master's Degree (MSc. International Relations) from the Southampton University, her second Master's Degree (M.Phil. War Sciences) from the King's College London University and likewise got her doctorate degree (International Relations) from Nottingham University in the UK. Prof. Dr. Gülnur Aybet, who worked as director of many research projects for NATO, the Ministry of Foreign Affairs, the British Academy and TÜBİTAK (Scientific & Technical Research Association of Turkey), served as a visiting research fellow at international academic institutions such as Oxford University St Antony's College, Johns Hopkins University, Woodrow Wilson Center. At present Prof. Dr. Gülnur Aybet has been lecturing at the University of National Defense as the visiting lecturer. She provided consultancy services on the international security issues to international organizations such as NATO, EU, and to many government establishments as well, and has become well known and renowned by making analyses to international media on current issues. Prof. Dr. Aybet has been serving as a member of the Audit Board of our Bank since March 2019.

FATİH MEHMET DOĞAN
Member of the Audit Board
He was graduated from the Department of Finance, the Faculty of Political Sciences, İstanbul University in 2002. He began his career in the retail electrical equipment sector at his own enterprises. After serving as National Real Estate Supervisor Assistant at the Ministry of Finance between 2005-2007, likewise as Assistant Specialist at the Department of Economic and Sectoral Researches at the same Ministry between 2007-2009, he worked at the Social Security Corporation for a period from 2009 to 2010 as a Consultant. He was awarded with the Master's Degree in 2008 upon his study/research on the Public Investments at the Department of Finance Theory, Marmara University. Having served as the Treasury Specialist at various Departments of the General Directorate of the Treasury Undersecretariat Public Finance since 2010, he has worked as the Consultant for the last two period of the Treasury Undersecretariat as from 2015. Throughout two years of period in which he worked as the Consultant at Board of Directors of the International Monetary Fund (IMF) in the USA from 2017 to 2018 he carried out studies on the fields of Money and Financial Policies. Mr. Doğan, who has been already serving at the Ministry of Treasury and Finance, has been proceeding his PhD thesis on the "Public Borrowing" at Hacettepe University. He has been working as a member of the Audit Board of our Bank since May 2019.

ZIRAAT BANK SENIOR MANAGEMENT

ALİ KIRBAŞ
Executive Vice President for Banking Operations and Communication

ALPASLAN ÇAKAR
Executive Vice President for Retail Branch Banking-2

BİLGEHAN KURU
Executive Vice President for Financial Management

M. CENGİZ GÖĞEBAKAN
Executive Vice President for Loan Policies

MUSA ARDA
Executive Vice President for Credit Allocation and Management

SÜLEYMAN TÜRETKEN
Executive Vice President for Retail Branch Banking-1

YÜKSEL CESUR
Executive Vice President for Internal Systems

ALİ KIRBAŞ
Executive Vice President for Banking Operations and Communication
He graduated from Department of Economics in Gazi University Faculty of Economics and Administrative Sciences. He served as a civil servant at the Central Bank Head Office between 1997 and 1999. In 1999, Mr. Kırbaş started to work as Assistant Inspector at the Inspection Board of our Bank, and then became Inspector and Head of the Inspection Board. He served as the Head of Publicity and Communication Services Department between September 2008 and May 2012 and Head of Corporate Communications Department between May 2012 and July 2017. Since August 2017, he has been serving as Executive Vice President for Banking Operations and Communication.

BİLGEHAN KURU
Executive Vice President for Financial Management
Bilgehan Kuru graduated from the Middle East Technical University (Department of Mining Engineering). He studied for a master degree in finance at the Institute of Physical Sciences of the same university. He began his career as a foreign exchange clerk at Halkbank, where he worked from 1986 to 1988. He joined Pamukbank in 1988 as an assistant specialist before serving as a service director and manager of the Treasury Department at the same bank. He was appointed as the Head of the Department of Foreign Exchange and Money Markets at Halkbank in November 2004. Having held the position of Assistant General Manager for Retail Banking at Halkbank from June 2007 until July 2011, Mr. Kuru was appointed as Executive Vice President for Treasury and Strategy Management at our Bank in July 2011 and he has been working as Executive Vice President for Financial Management since August 2014.

YÜKSEL CESUR
Executive Vice President for Internal Systems
Yüksel Cesur graduated from Boğaziçi University, Faculty of Economics & Administrative Sciences. He has begun to work in our Bank in 1996 as an Assistant Inspector, and later on he has been appointed as the Inspector. He has performed his duty as the Head of Department of Training Section since 2005. Mr. Cesur who was appointed to the Department of Treasury Operations in 2007 has served thereafter as the Head of Agricultural Marketing Group. Mr. Cesur has been serving as Executive Vice President for Internal Systems since April 2014.

M. CENGİZ GÖĞEBAKAN
Executive Vice President for Loan Policies
Mehmet Cengiz Göğebakan graduated from Ankara University (Department of Economics, Faculty of Political Sciences) in 1987. He began his career at Pamukbank as an assistant inspector in the same year. He served at the same bank between 1994 and 2004 as a manager of the Department of Firm Evaluation, Department of Credit Monitoring, Department of Credit Allocation, Department of Administrative Follow-up and Department of Credit Policies. He joined Halkbank on 17 November 2004 where he worked as an executive responsible for Retail Loans; he was promoted to the post of Assistant General Manager responsible for risk liquidation on 9 June 2005. He served as an Assistant General Manager of credit policies from 2007 to 2010 at the same bank. He worked at Anadolubank as an Assistant General Manager responsible for loans from May 2010 to October 2011. Mr. Göğebakan has been serving at Ziraat Bank as Executive Vice President for Loan Policies since November 2011.

MUSA ARDA
Executive Vice President for Credit Allocation and Management
Musa Arda graduated from Çukurova University (Faculty of Economics and Administrative Sciences). He began his career at Pamukbank in 1994 as a financial analyst. He worked at the same bank as an analyst, a service manager in various units at the headquarters and a marketing director at Güneşli Corporate Branch between 1994 and 2004. He joined Halkbank in 2005 as a division manager at the Commercial Marketing Department before working as the head of the Financial Analysis Department, the head of the Department of Credit Policies and Project Evaluation, the head of the Department of Commercial Loans and, most recently, as the coordinator responsible for the İstanbul 2nd Region. He has been serving at Ziraat Bank as Executive Vice President for Credit Allocation and Management since November 2011.

SÜLEYMAN TÜRETKEN
Executive Vice President for Retail Branch Banking-1
Mr. Türetken graduated from the Faculty of Economics and Administrative Sciences at Gazi University in 1983. He worked as an Inspector, Branch Manager, Head of the Department and Regional Coordinator in various institutions, before being appointed as the Head of the Corporate Marketing Group at our Bank in February 2012. He served as the Head of the Branch Banking Group between August 2016 and July 2017, and as Executive Vice President for Branch Banking between August 2017 and June 2018. He has been serving as Executive Vice President for Retail Branch Banking-1 since June 2018.

ALPASLAN ÇAKAR
Executive Vice President for Retail Branch Banking-2
Alpaslan Çakar graduated from Ankara University (Department of Public Administration, Faculty of Economics and Administrative Sciences). He joined Ziraat Bank in 1996 as an Assistant Inspector and later served as an Inspector and Branch Manager. Mr. Çakar was appointed as the Regional Head Manager in 2005. Promoted to the position Head of Department in August 2007, Mr. Çakar has served as the Executive Vice President for Retail Banking, Executive Vice President for Operational Transactions and Executive Vice President for Retail Banking respectively. He served as Executive Vice President for Banking Channels Management between January 2016 and July 2017 and as Executive Vice President for Payment Systems between July 2017 and June 2018. He has been serving as Executive Vice President for Retail Branch Banking-2 since June 2018.

SUMMARY BOARD REPORT

Ziraat Bank continued to support the real sector in 2019 by acting with a sense of responsibility, and continued to shape Turkey's banking sector, as it has in the past. Always considering the sustainability of growth and efficiency, the Bank has designed and implemented its strategy and business plans in line with a management approach based on efficiency. In this way, it continued to mediate in the effective distribution of scarce fund resources.

As our country's largest financial institution, Ziraat Bank continues to provide long-term contributions both to its customers and the national economy with its activities focused on effectiveness and efficiency, with its balance sheet expanding by 21% YoY to reach a size of TL 650 billion.

Acting on the principle of sustainable growth, Ziraat Bank expanded its cash loan volume by 18% YoY to TL 448 billion. In addition, as it continued to strengthen its shareholders' equity, the bank's shareholders' equity exceeded TL 70 billion by the end of 2019.

In line with the efforts to expand the opportunities provided by the banking sector to the real sector, from the point of providing a healthy and sustainable contribution to the existing employment and labor force to promote the steady growth and development of our economy, four new products were introduced by Ziraat Bank, Halkbank and Vakıfbank to companies offering the potential to provide additional employment. The products were long-term business loans with a principal grace period of up to 2 years and a maturity of up to 5 years, suitable conditions, and low cost which are; "Employment Focused Business Loan-Manufacturing Industry Sector", "Employment Focused Business Loan-Service Sector", "Ongoing Housing Construction Projects Employment Focused Business Loan" and "Foreign Contracting Sector Employment Focused Business Loan".

In the first quarter of 2019, Ziraat Bank launched its greenhouse loan package, with the aim of helping farmers increase agricultural production in greenhouses, establish new greenhouses, bring idle greenhouses into the economy and modernize existing greenhouses.

The Greenhouse Loan Package is aimed at increasing greenhouse activities, and also expanding the use of greenhouses, currently concentrated in certain regions of the country, to other suitable regions, especially in areas with geothermal water resources, while increasing capacity utilization, agricultural production and productivity in greenhouse agriculture, and thus, reducing the negative effects of seasonal changes on the amount of production, costs and prices.

In addition, the Bank offers the "Loan Package for Livestock Enterprises which Cultivate Their Own Feed" in order to meet livestock enterprises' requirement for feed, partially or completely, to encourage the cultivation of foraging crops and to meet such needs through the use of pasture, and the "Soybean, Corn and Sunflower Credit Package", which is aimed at encouraging the production of strategic herbal products which are currently largely imported.

In order to increase interest in agriculture among our country's young people, to teach agricultural production and investment, to train educated and conscious young farmers and to give young people an entrepreneurial awareness in the field of agriculture, the Ziraat Bank Young Farmers Academy, which was launched in 2018 by Ziraat Bank, started to offer greenhouse farming and sheep farming training in 2019 after having already started training in dairy cattle breeding.

Ziraat Bank continued to provide funds obtained from leading international financial institutions through bilateral agreements with the objective of diversification of funding sources and deepening of existing sources. The Bank renewed its syndication loan of USD 422 million and EUR 798 million which were due in April, increasing the contribution to a total of USD 1.425 billion. The syndication loan, which started with an amount of USD 700 million in 2013 with the objective of diversification of non-deposit sources and increasing the market share of foreign trade financing, has continued to be rolled over and has grown every year. With this loan, 40 banks from 22 countries in different regions from Asia to South America reaffirmed their confidence and belief in the Turkish economy and Ziraat Bank's business model.

Ziraat Bank unwaveringly pressed ahead with its process improvement and transformation work in 2019, and its projects in this field have gained recognition with international awards. The first of these awards was the Financial Innovation Awards 2019 - the business life transformation/employee interaction initiative, organized by the "London Institute of Banking and Finance", which was given in recognition of the Bank's efforts to take customer/employee complaints and suggestions into account in process improvement work.

In the competition, which rewards innovations and progressive and inspiring changes in the financial sector organized by the "Global Banking and Finance Review", the Corporate Architecture system established by our Bank was found worthy of the "best converting workplace and employee initiative" award.

Ziraat Bank was ranked first in the "Best International Project" category at the "Financial Services Forum Product & Service Innovation 2019" award ceremony, organized by the Financial Services Forum platform with CEOs from financial authorities, senior executives of large companies and individuals with academic knowledge and experience in the field of banking.

Ziraat Bank was named the "Turkey's most loved bank" in 2016, 2017 and 2018 as well as in 2019 in the "Turkey's Lovemarks" survey.

Ziraat Bank continued to offer safe and fast banking products and digital service channels which bring ease to the lives of customers in a rapidly digitalizing world, and has managed to reach millions in a very short space of time with the Bankkart brand, which combines credit card and debit card features on one card. Bankkart won the "Most Reputable brand of the Year" award in the credit cards category based on the results of the "Brand Value and Perception Survey 2019", which determined the "Reputation of the Year" conducted by Marketing Turkey and the Akademetre Research & Strategic Company. Ziraat Bank has been bringing permanent art venues to art lovers, as well staging temporary exhibitions, by integrating the support it has given to art and artists since 1926 with the motto "In Art, for Art" to share the values of art with the society by moving them out of the institution and to make art livable. In another example of its commitment to art and artists, the Bank opened the Çukurambar Art Gallery in the Next Level Shopping Center in Ankara, the Tunnel Art Gallery in Istanbul and the Kuğulu Art Gallery in Ankara for the art lovers.

As our country's largest financial institution with an asset volume exceeding half a trillion Lira, Ziraat Bank will continue to provide long-term contributions to its customers and to our country's economy with its activities focused on effectiveness and efficiency.

INFORMATION ON THE ACTIVITIES OF THE COMMITTEES

INFORMATION ON THE ACTIVITIES OF THE CREDIT COMMITTEE
Chairman
Hüseyin AYDIN
Member of the Board and CEO

Members
Yusuf DAĞCAN
Vice Chairman of the Board

Feyzi ÇUTUR
Member of the Board

Alternate Members
Yusuf BİLMEZ
Member of the Board

Mehmet Nihat ÖMEROĞLU
Member of the Board

Credit Committee fulfills the duties and powers specified in the Banking Law, the Bank's articles of association, and other legislation issued by BRSA. Within the framework of the authority delegated by the Board of Directors, the Committee extends loans and makes decisions. Credit Committee performs other duties related to lending assigned to it by the Board of Directors.

The Credit Committee met 28 times during 2019 and passed 602 decisions.

INFORMATION ON THE ACTIVITIES OF THE AUDIT COMMITTEE

Members
Yusuf BİLMEZ
Member of the Board

Feyzi ÇUTUR
Member of the Board

The Committee assists with the auditing and supervision activities for which the Bank is responsible, and fulfills the duties, powers and responsibilities designated by the legislation issued by the BRSA, as well as those related to the execution of the Compliance program and those defined by applicable legislation.

INFORMATION ON THE ACTIVITIES OF THE CORPORATE GOVERNANCE COMMITTEE

Head
Dr. Ahmet GENÇ
Chairman of the Board

Member
Mahmut KAÇAR
Member of the Board

Corporate Governance Committee monitors and audits the Bank's compliance with corporate governance principles. The Committee suggests proposals to the Board of Directors and works to ensure improvements. The Committee keeps reports of its activities in written form.

INFORMATION ON THE ACTIVITIES OF THE REMUNERATION COMMITTEE

Members
Feyzi ÇUTUR
Member of the Board

Mehmet Nihat ÖMEROĞLU
Member of the Board

The Remuneration Committee is responsible for overseeing and supervising the remuneration practices on behalf of the Board of Directors. The Committee assesses the remuneration policy and practices within the framework of risk management to ensure that remuneration policies are aligned with the Bank's ethical values and strategic goals, and submits its recommendations to the Board of Directors.

In the absence of a permanent or alternate member in the above mentioned committees, Board of Directors members Serruh KALELİ or Faruk ÇELİK will join those committees as members.

ATTENDANCE BY THE MEMBERS OF THE BOARD OF DIRECTORS AND OF THE AUDIT COMMITTEE IN THE MEETINGS HELD DURING THE REPORTING PERIOD

BOARD OF DIRECTORS
The Board of Directors meets regularly at least once a month upon summons by the chairman, vice chairman or any member of the Board. The Board met 33 times during 2019 and passed 457 resolutions.

AUDIT COMMITTEE
The Audit Committee meets regularly at least once a month with the attendance of all members. The committee met 13 times during 2019 and passed 40 resolutions.

RELATED PARTY TRANSACTIONS

In accordance with article 49 of the Banking Law no 5411 and because the Bank's capital belongs entirely to the Turkey Wealth Fund, the risk group of which Ziraat Bank is a member consists of itself and the companies over which it exercises control over, either directly or indirectly.

Relations between the Bank and the members of the risk group in which it controls a stake consist of banking transactions conducted in compliance with the Banking Law within the framework of normal bank-customer relationships carried out at arm's length, and consist primarily of borrowing and lending and of accepting and extending deposits.

Details of the amounts of the transactions that Ziraat Bank engaged in with members of its own risk group in 2019 and their reasons are presented in Footnote VII of section five of the year-end financial report that is included in this annual report.

SUPPORT SERVICES PROVIDERS

The services outsourced by Ziraat Bank in 2019 and the providers of these services within the scope of the Regulation on Banks' Procurement of Support Services are listed below:

SERVICE PROVIDER	SERVICE DETAIL
AGT Hızlı Kurye Hizmetleri A.Ş.	Courier services
Aras Kurye Servisi A.Ş.	Courier services
Kurye Net Motorlu Kuryecilik ve Dağıtım Hizm. A.Ş.	Courier services
DHL Worlwide Express Taşımacılık ve Ticaret A.Ş.	International cargo services
Tepe Savunma ve Güvenlik Sis. San. A.Ş.	Security services
Başkent Güvenlik Hizmetleri Ltd. Şti.	Security services
Ekol Grup Koruma ve Eğ. Hizm. Ltd. Şti.	Security services
ISS Proser Koruma ve Güv. Hizm. A.Ş.	Security services
Plaza Peyzaj Tem. İns. Kayn. Eğt. Tur. Otel Gıda Tesis Yön. San. ve Tic. A.Ş.	Outsourced personnel for IT operations and Customer Satisfaction Management Unit
Güzel Sanatlar Çek Basım Ltd. Şti.	Printing of cheques
Global Bilgi Pazarlama Danışmanlık ve Çağrı Servisi Hizmetleri A.Ş.	Artvin-Outsourced outbound call service and outsourced KYK Customer Continuity Survey service
Brinks Güvenlik Hizmetleri A.Ş.	Cash and gold transportation in Turkey
Gram Altın Pazarlama Sanayi ve Ticaret A.Ş.	Appraisal and refining services for Altın Vakti (gold deposit) operations.
Avi Gayrimenkul Yatırım Değerleme ve Danışmanlık A.Ş.	Procurement of lien creation service from authorized companies
FU Gayrimenkul Yatırım Danışmanlık A.Ş.	Procurement of lien creation service from authorized companies
BBS Danışmanlık Gayrimenkul ve Eğitim A.Ş.	Procurement of lien creation service from authorized companies
Pusula Girişim Yatırım ve Danışmanlık Hizmetleri A.Ş.	Procurement of lien creation service from authorized companies
Bileşim Alternatif Dağıtım Kanalları A.Ş.	Credit card and member merchant account statement printing and mailing Customer letters (information, reply, warning, notification, etc.) printing and mailing Aerogramme (information, reply, warning, notification, etc.) printing and mailing Account statement printing and mailing Credit card and debit card embossing Credit card and debit card sending
Plastikkart Akıllı Kart İletişim Sis. San. ve Tic. A.Ş.	Credit card and debit card embossing
Banksoft Bilişim Bilgisayar Hizmetleri Ltd. Şti.	Card payment and ATM systems infrastructure software
Wincor Nixdorf Bilgisayar Sist. A.Ş.	Software for new ATMs
Ziraat Teknoloji A.Ş.	Information systems management and information systems infrastructure support

AUDIT COMMITTEE'S ASSESSMENT OF THE OPERATION OF THE INTERNAL AUDIT, INTERNAL CONTROL, AND RISK MANAGEMENT SYSTEMS IN 2019

Internal audit, internal control, and risk management activities at Ziraat Bank are performed by the Board of Inspectors, the Internal Control & Compliance Department, and the Risk Management Department. These units' duties and responsibilities, which are strictly segregated from one another, are coordinated by the Assistant General Manager for Internal Systems.

This organization is structured so as to embrace all Bank units and branches as well as Bank-owned subsidiaries subject to the Bank's oversight. Its purpose is to minimize any risks that might adversely affect the thoroughgoing and secure conduct of banking operations, the fulfillment of long-term profit targets, the reliability of financial and administrative reporting, and/or the Bank's reputation and financial stability.

INTERNAL AUDIT SYSTEM

The Board of Inspectors takes a risk-focused approach in the fulfillment of its responsibilities to ensure that the activities and operations of the Bank's headquarters units, domestic and international branches, and subsidiaries comply with the requirements of laws and regulations and are compatible with the Bank's own strategies, policies, principles, and objectives. The board conducts its activities in such a way as both to keep the Bank's senior management informed and to contribute to their decision-making processes.

Board of Inspectors activities in 2019:

- The Central Audit Team continued its intensive operations in 2019 by performing scenario analyses which are influential in preventing irregularities from being committed. The team reviewed the effectiveness of its existing scenarios and developed new ones to cope with the possible abuses made possible by newly-introduced business processes. It has also continued to develop systematic procedures aimed at minimizing risks arising from the remaining manually-conducted processes involved in internal audit. Additionally, transactions examined within (t-1) days started to be examined instantly through EVAM as a result of system developments realized during 2019.
- The R&D Team kept a close watch on all of the Bank's other business units, revised and kept the auditing module up to date in light of changes in business processes and the regulatory framework, and modified auditing points as made necessary by laws, BRSA decisions, and changes demanded by Bank's senior management and headquarters units.
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- Improvements also continued to be made in all processes from the development of an auditing index to the determination of the significance level of audit findings. Systemic changes that make it possible for inspection findings concerning critically important transactions to be drawn to the attention of business units increased the effectiveness of the finding follow-up process and had a beneficial impact on the overall percentage of findings subjected to corrective action.
- The recommendations that inspectors in the field included in their reports or made with respect to a particular transaction or practice were also circulated among the business units concerned and the outcomes of such recommendations were observed.
- As a result of efforts for the Global Auditing Module that is aimed to be implemented at all Ziraat Finance Group members, the processing system to be used in this module and its application to various banking systems, the module was implemented at Ziraat Bank BH d.d. in 2018. Studies continued for the use of the module in other subsidiaries of the Bank in 2019.
- The first phase of the systemic developments enabling generation of web-based reports issued following Information Systems and Banking Processes audits was completed in August 2019. The second phase is in progress, which is aimed at implementing this feature also for audits conducted at the Bank's subsidiaries.

AUDIT COMMITTEE'S ASSESSMENT OF THE OPERATION OF THE INTERNAL AUDIT, INTERNAL CONTROL, AND RISK MANAGEMENT SYSTEMS IN 2019

- The Inspection Scenario Team that was set up and charged with formulating scenarios both to identify shortcomings in bank processes and to develop and improve the effectiveness of such processes and with submitting these scenarios to the appropriate business unit so as to ensure that speedy and effective solutions for dealing with them are devised throughout the Bank continued to operate in 2019. System improvements were made to increase efficiency in sharing the scenario results with business units and following up on the actions taken.
- During 2019, the Central Inspection Team that was set up to increase the frequency and effectiveness of inspections by constantly and centrally monitoring designated branch groups performed centralized inspections on 227 of the Bank's branches in accordance with the same criteria employed for on-site inspections.
- The Data Security Team, which operates with the intention of protecting the confidential information of customers and the Bank, continued to work in 2019 as well.
- The practice of recruiting qualified human resources for the Bank's administrative staff by allowing inspectors to transfer to such positions continued in 2019.
- The Assistant Inspector Recruitment process was completed, with the written exam conducted on 12 October 2019 and the interviews conducted between 16 and 19 December 2019. It is planned that 25 Assistant Inspectors will get on board within January 2020.

In keeping with its strong sense of responsibility and awareness of its duties, the Board of Inspectors will continue to execute the internal auditing plan in line with goals and policies set forth by Ziraat Bank's senior management and within the framework of current auditing approaches, to report its findings to the Board of Directors through the Audit Committee, and to observe what action is taken on the basis of its reports.

INTERNAL CONTROL AND COMPLIANCE SYSTEM

Internal control activities at Ziraat Bank are designed so as to embrace the operations of all headquarters units, all domestic and international branches and subsidiaries subject to consolidation as required by Article 9 Paragraph 3 of "Regulation on bank internal system and intrinsic capital adequacy assessment processes" which states "Internal control system is structured to include the bank's domestic and foreign branches, headquarters units, subsidiaries subject to consolidation and all of their operations."

Such activities are conducted so as to be compatible with the Bank's primary objectives and strategies from the standpoint of their scope and methodology.

This more proactive structure helps ensure that Ziraat Bank's operations exceed sectoral norms and that they are conducted in a manner that is compatible with both internal and external regulations as well as with the demands of competition.

Domestic branch checks are performed both on location and centrally within the framework of a program that is prepared taking into account branches' current levels of risk exposure. Control functions, which for the most part are structured so as to be technology-intensive and centralized, are intended to ensure that commonly-occurring mistakes are quickly corrected at the appropriate business-unit level.

With the Instant Control system operational transactions and their accounting in real time are checked. Transactions are evaluated in light of specific scenarios and if a transaction is deemed to be in error, it can be corrected the same day. Real-time transaction checking allows increased efficiency and embeds the internal control system within the Bank's day-to-day operations instead of retrospective transaction controls. To this end, instant incident and action management tools such as EVAM are also employed effectively. Accordingly, it is adopted as a basic principle to avoid possible errors and omissions in recording assets and liabilities and capturing them in financial reports.

Headquarters unit control cycles are determined taking into account the units' functions, potential risks, terms of reference, and impact on the Bank's balance sheet. These cycles are revised as needs may require.

Internal control operations at Ziraat Bank branches located outside Turkey are carried out in line with control programs that are prepared for each year.

The findings ascertained as a result of all of these activities are periodically circulated among appropriate business units and the members of senior management.

Besides performing their internal control functions in 2019, internal control personnel also continued to prepare and issue reports containing suggestions of ways to improve existing processes at the Bank and to mitigate the risks inherent in them. The aim of this practice is to preclude risks by spotting them in advance, to make the Bank more competitive by improving its business processes, and to increase customer satisfaction while also taking measures to cut costs.

On the other hand, internal controllers began to be recruited from within the Bank; after the first internal recruitment that occurred in 2015, the process continued also in 2019. Thanks to recruitment from within, the existing banking knowledge of the team sped up their adaptation to internal control processes, which resulted in significant reduction of their training time. As a natural consequence, these individuals began performing productively in a very short period of time. On another front, banking and field experiences of the team contributed remarkably to internal control processes.

The practice of recruiting qualified human resources for the Bank's administrative staff by allowing internal control personnel to transfer to such positions continued in 2019.

In addition to such matters, compliance reviews were also carried out by internal control personnel as required by article 18 of BRSA Regulation on bank internal system and intrinsic capital adequacy assessment processes. In the course of these reviews, all operations conducted or planned by the Bank as well as new transactions and products are checked to be sure that they comply with laws and regulations, with the Bank's own policies and rules, and with generally-accepted banking practices. During such compliance reviews, existing Bank-internal rules and proposed changes in them are also examined and views concerning them are circulated among appropriate units.

Within the scope of the Compliance Program set up in by the Bank to comply with the legislation published under the Prevention of Laundering of Proceeds from Crime and Financing of Terrorism, activities to prevent such activities are carried out in accordance with national and international regulations.

The policy established by the Bank regarding the prevention of laundering of proceeds from crime and financing of terrorism which the Bank's foreign branches, subsidiaries and other related parties are also obliged to comply with has been revised and shared with public at the Bank's web site.

The units active either in Turkey or abroad as part of the Ziraat Finance Group pursue their operations in accordance with national and international legislation in line with the policies and procedures they have devised in view of local and international regulatory framework, and in a manner to immunize the Bank's products and services from any operational or reputational risk in connection with the laundering proceeds of crime and financing of terrorism.

AUDIT COMMITTEE'S ASSESSMENT OF THE OPERATION OF THE INTERNAL AUDIT, INTERNAL CONTROL, AND RISK MANAGEMENT SYSTEMS IN 2019

Internal training programs are carried on, which are organized between the Bank and compliance units of overseas branches and domestic and international subsidiaries and which are designed to exchange information regarding the development of joint standards, creation of joint processes, and acting in line with the shared policy target related to "Prevention of Laundering Proceeds of Crime and Financing of Terrorism".

Additionally, regular contacts are established within the frame of the coordinated strategy conducted in relation to compliance activities with overseas branches and subsidiaries, as well as domestic subsidiaries. Along this line, meetings were held with compliance officers of subsidiaries and overseas branches/subsidiaries, during which joint studies were carried out to verify compliance with national and international obligations and to identify process and software needs, if any. These meetings and efforts will be ongoing also in the future.

Additionally, all employees were provided to get trainings on prevention of laundering of proceeds from crime and financing of terrorism.

Both the Internal Control and Compliance units will be utilizing the analytical infrastructure and technological means at the maximum extent possible and will carry on with their activities aimed at maximizing productivity and efficiency with a risk-based approach.

RISK MANAGEMENT SYSTEM

Ziraat Bank risk management activities are conducted subject to the requirements of BRSA's Regulation on bank internal system and intrinsic capital adequacy assessment processes and other pertinent regulations as well as of BRSA Best Practices Guidelines. They are carried out with the aim of aligning the Bank's risk management functions with best practices by fostering a risk culture throughout the entire and constantly improving system and human resources. The principal risk categories are defined as "Credit Risk", "Market Risk", "Operational Risk", and "Balance Sheet Risks", the last including the interest rate risks and liquidity risks to which the Bank is exposed on account of its banking business operations. Care is given to ensure that all activities related to risk management system are coordinated through the involved participation of the operational branches with which each type of risk is associated.

Under the heading of credit risk management, Basel III-compatible methods are used to define, measure, monitor, and report credit risk. The Bank has been calculating its core credit risk exposure and reporting it monthly on the basis of its solo and consolidated accounts to BRSA ever since this practice was mandated by law as of 1 July 2012. The credit limits approved by the Board of Directors are monitored and scenario analysis and stress tests are carried out by applying various shocks to credit risk factors. Counterparty Credits are measured for counterparty risk. In addition, with the participation of different units within the scope of Credit Risk Management Project with advanced methods, studies are being carried out to calculate credit risk based on internal rating and to use its outputs in different areas.

Under the heading of market risk management, such risk is measured, analyzed, reported, and monitored. Analyses are supported by conducting stress tests. Risk measurements are performed on all accounts whose inclusion in the Bank's capital adequacy ratio calculation is mandatory as well as by means of the "value-at-risk" (VaR) methodology. The results of VaR measurements are validated by means of backtest analyses. The values on which market risk is calculated are periodically reviewed and compared with of Board of Directors-approved limits while senior management is kept informed about the results of mandatory and internal limit monitoring.

Under the heading of operational risk management, the operational risks to which the Bank is exposed are defined, classified, quantified, and analyzed. Operational risk signal and limit values approved by the Board of Directors are also monitored at regular intervals. Amount subject to Operational Risk is calculated using the Basic Indicator Approach pursuant to the Regulation on the Measurement and Assessment of Capital Adequacy of Banks. Operational risk incidents as a result of the lost data base in the banking software are being followed. Information technology risks and associated actions are followed up in coordination with the related units. Activities for business continuity plans and portfolio custodian services along with risk assessments for companies providing outsourced support services are being carried out.

Under the heading of balance sheet risk management, liquidity and interest rate risks arising from banking business accounts are measured, analyzed, delimited, reported, and monitored. Analyses are also supported by means of stress tests. The work on liquidity risk takes into consideration best practice guides, and Time to Maturity Analysis is conducted to oversee the maturity composition of the Bank's balance sheet; Liquidity Gap and Structural Liquidity Gap Analyses to classify assets and liabilities items according to their respective times to maturity and to determine the gap amount; and Liquidity Stress Test to assess the Bank's liquidity position in the worst case scenario. In addition, the Bank follows up the renewal rates of deposits that make up the Bank's key funding source on a daily basis, and performs core vs. volatile deposits analyses using the deposit renewal analysis.
For monitoring the interest rate risk stemming from the banking accounts, Repricing Gap (GAP), Duration, Net Interest Income Analyses and Interest Rate Shock Reduction in Value Analyses are periodically conducted.

Liquidity risk as approved by the Board of Directors and signals and limits of the interest rate risk resulting from banking accounts are also monitored at regular intervals.

Internal Capital Adequacy Assessment Process (ICAAP) reports are also prepared and sent to BRSA at year-end. In the latter reports, the Bank's capital adequacy is analyzed over the next three-year period on the basis of a set of Base/ Negative/Overly Negative scenarios not supplied by BRSA.

The results of the risk management analyses and the associated risk indicators are reported to the Board of Directors and to the Audit Committee at six-month intervals and to the Senior Management on a daily, weekly, and monthly basis.

Ziraat Bank will continue to make use of internationally-recognized advanced risk management techniques in order to carry out its risk management activities for all risk categories and to make such risk management an integral part of its strategic decision-making processes in the future as well.

ZIRAAT BANK'S FINANCIAL STANDING, PROFITABILITY AND SOLVENCY

Ziraat Bank defines its targets as sustainable growth, profitability, and productivity. In 2019 the Bank continued to sustain the strength of its equity-compatible balance sheet structure through the asset & liability management strategies that it adhered to.

As of year-end 2019 the Bank's total assets amounted to TL 650 billion and its total shareholders' equity to TL 70 billion. Importance was again given to supporting equity through sustainable profitability: total equity accounted for about a 10.8% share of the Bank's balance sheet.

Recognizing the key importance of sustainable profitability in equity management, Ziraat Bank's return on equity and return on assets ratios were 10.1% and 1.1% respectively while its capital adequacy ratio was 17.02% at 2019 year-end.

In keeping with the Ziraat Bank Customer Service Model, the Bank focuses on providing financial solutions to all real-sector actors, but especially to those in agriculture, with the result that lendings are making up a steadily increasing share in the balance sheet. As a result of this customer-weighted balance sheet management strategy, the total volume of the Bank's cash loans increased by 18% to TL 448 billion and corresponded to 69% of total assets while the share of marketable securities, which was 17% in 2018, increased to 20% in 2019. Ziraat Bank's NPL ratio in 2019 was 2.8%. The Bank's consistent ability to maintain an NPL ratio below the sectoral average without selling off any of its assets is an indication of the high quality of its asset structure.

In line with Ziraat Bank's approach of contributing to the country's overall level of saving and of having recourse to broadly-based, low-cost sources, total deposits reached TL 447 billion, a performance that maintained the Bank's standing as the sector's leading deposit-taker in 2019. Deposits and non-deposit sources account for 69% and 16% shares respectively of total liabilities. In keeping with the Bank's ongoing efforts to diversify and deepen its sources of funding, in 2019 Ziraat Bank continued to seek out and tap alternatives such as international agency and financial institution lines of credit, post-financing, and bank bond & bill issues.

The bank's most important income item in 2019 was interest income, which amounted to TL 66 billion. The share of interest received from loans in total interest income was 80% as a result of the credit activities carried out during the year. The Bank continued its efforts to improve the net interest margin and as a result net interest margin rose by 15.5% in 2019. As a result of the Bank's efforts to increase non-interest income, net fees and commission income increased by 36% in 2019.

RATIOS

(%)

CAPITAL	2018	2019
Capital Adequacy Ratio	14.8	17.0
Shareholders' Equity/Total Assets	10.7	10.8
Shareholders' Equity/(Total Assets+Non-cash Loans)	8.7	9.1
Shareholders' Equity/(Deposits+Non-Deposit Sources)	12.8	12.7

ASSET QUALITY	2018	2019
Cash Loans/Total Assets	70.6	68.9
NPL (Gross)/Cash Loans	2.0	2.8
NPL (Gross)/(Non-Cash Loans+Cash Loans)	1.5	2.2
Loans/Deposits	114.6	100.2
FC Assets/FC Liabilities	92.0	81.5

LIQUIDITY	2018	2019
Liquid Assets/Total Assets	8.6	8.8
Liquid Assets/(Deposits+Non-Deposit Sources)	10.3	10.4

PROFITABILITY	2018	2019
Net Profit/Average Total Assets	1.6	1.1
Net Profit/Average Shareholders' Equity	15.2	10.1
Interest Income/Interest Expenses	170.4	162.8

INFORMATION ABOUT RISK MANAGEMENT POLICIES AND ACTIVITIES ACCORDING TO TYPE OF RISK

Risk management activities are carried out with the underlying approach of aligning the Bank's risk management functions with best practices by fostering a risk culture throughout the entire Bank and constantly improving system and human resources.

Risk management activities are conducted under the separate headings of "Credit Risk", "Market Risk", "Operational Risk", and "Balance Sheet Risks". Policies, practices, and procedures concerning the management of these risks are governed by regulations and resolutions approved by the Board of Directors for dealing with each category of risk. All risk management system activities are carried out through the involved participation of all the units with which each type of risk is associated.

Ziraat Bank has formulated an "Intrinsic capital adequacy assessment process" as required by BRSA Regulation on banks' internal system and intrinsic capital adequacy assessment processes. The purpose of this process is to set up and maintain a system that will both determine the amounts of capital that are needed to cover the risks to which the Bank is or might be exposed and will ensure capital requirements and levels are used compatibly with the Bank's strategic objectives. Analyses are performed in line with BRSA principles and are further supported by means of risk-specific stress tests and scenario analyses. Year-end Stress Test and Internal Capital Adequacy Assessment Process (ICAAP) reports are prepared with the involvement of other appropriate units and are sent to BRSA with the approval of the Board of Directors.

CREDIT RISK

Credit risk is an expression of the likelihood of the Bank's suffering a loss because a debtor fails to fulfill, in a timely manner, some or all of his obligations under an agreement that he has entered into.

Credit risk management consists of discovering the credit risks to which the Bank is exposed and defining, measuring, monitoring, controlling, and reporting such risks.

According to BRSA Regulation on measurement and assessment of capital adequacy of banks, credit risk is to be measured using the Basel III Standardized Approach and the results of such measurements are to be included in one's mandatory reporting. In compliance with this requirement, Ziraat Bank's credit risk exposure on both a solo and a consolidated basis is reported monthly to BRSA. The measurement of the counterparty credit risk, which is considered in the framework of credit risk, is carried out by using the Reasonable Valuation Method.

Within the scope of credit management activities, validation studies are carried out for measurement of accuracy and performance with statistical methods based on credit rating models developed by the related units. As required by the Banks Association of Turkey's Circular on internal rating notifications, which went into effect as of January 2014, Ziraat Bank sends its internal rating notices to the Association's Risk Center every month. Scenario analyses and stress tests are performed with the application of internal and external shocks to credit risk factors. A Credit Risk Management with Advanced Methods that permits the use of advanced methods in the calculation of the Bank's core credit risk exposure is carried out.

Both customer-segment-based credit risk limits and trigger values and portfolio-based counterparty credit risk limits and trigger values arising respectively from banking accounts and from trading accounts have been calculated and approved by the Board of Directors. All these values are monitored on a monthly basis. The risk-weighted assets which the Bank may hold on a segment and portfolio basis are subject to these limits.

MARKET RISK

Market risk is an expression of the possibility of loss that the Bank may be exposed to on account of its on- or off-balance sheet exchange rate, commodity, interest rate and stock position risk, which are subject to the Bank's trading activities and followed up under the Bank's accounts and positions valued at fair value, and which arise from the movements in market prices.

Risk measurement and monitoring is carried out in order to reveal the market risks to which the Bank may be exposed. The results of these activities are taken into account in the Bank's strategic decision-making processes.

In order to manage market risk, market movements that affect the present value of the portfolios which expose the Bank to market risk in line with its trading strategies are kept track of on a daily basis and the impact that both upward/downward and ordinary/extraordinary movements may have on these portfolios is analyzed.

In the conduct of its day-to-day operations, trigger values are monitored as part of the early-warning process that is carried out to protect the Bank's financial strength from being seriously affected by increases in market volatility. Risk exposure levels are kept within prescribed limits. The Standardized Approach methodology is used to calculate the Bank's exposure to market risk, the amount of which is included in its mandatory capital adequacy ratio. Market risk is also calculated on a daily basis using a VaR-based internal model. The effectiveness of the models being used is also analyzed regularly by means of backtesting.

OPERATIONAL RISK

Operational risk" is an expression of the likelihood of the Bank's suffering a loss because of changes in value caused by the fact that the actual losses which are incurred on account of inadequate or failed internal processes, people, or systems or on account of external events (including legal risk) differ from expected losses. The operational risks that arise throughout the Bank are monitored through the Operational Risk Loss Database. The operational risk exposure is calculated using the Basic Indicator Approach methodology.

Ziraat Bank employees perform their duties taking into account the operational risk-related principles and procedures set forth in the Bank's internal regulations and in a manner that is both sensitive to the operational risks that may be incurred and mindful of Bank policies intended to create an operational environment that will reduce the likelihood of losses.

Signals and limits related to operational risks established within the scope of "Risk Management, Stress Test Program and ISEDES Regulation" are monitored periodically.

Risks and actions taken within the scope of IT are monitored and reported to the senior management regarding operational risk.
As part of the Business Continuity Plan, "business impact analyses" are carried out in order both to identify the risks that might arise if the Bank's operations are interrupted and to determine their potential consequences.

In order to ensure the continuity of outsourced support services, the risks that might arise from their procurement are assessed in light of BRSA Regulation on the outsourcing of support services by banks.

Analyses are also conducted into the portfolio custody service database.

INFORMATION ABOUT RISK MANAGEMENT POLICIES AND ACTIVITIES ACCORDING TO TYPE OF RISK

BALANCE SHEET RISKS

"Balance sheet risks", which are risks that arise from the Bank's on- and off-balance sheet asset and liability accounts, are controlled so as to manage them in the most effective way possible. Risk measurement and monitoring is carried out in order to reveal the balance sheet risks to which the Bank may be exposed on account both of its liquidity risks and of its interest rate risks arising from its banking business accounts. The results of these activities are taken into account in the Bank's strategic decision-making processes.

There are two components of liquidity risk: funding liquidity risk and market liquidity risk. The first is an expression of the likelihood of the Bank's suffering a loss because it is unable to satisfy all of its foreseeable/unforeseeable cash flow requirements without otherwise impairing its day-to-day operations and/or financial structure; the second is an expression of the likelihood of the Bank's suffering a loss because the Bank is unable to close or cover a particular position at the market price owing to insufficient market depth or to excessive market volatility. Interest rate risk consists of the possibility of sustaining losses on risk-sensitive assets, liabilities, and off-balance sheet items owing to changes taking place in interest rates.

Compliance with mandatory ratios pertaining to liquidity and interest rate risks arising from banking business accounts is also monitored. In addition to the foregoing, matters with the potential to affect liquidity risk management are monitored funding and lending maturity mismatches, assets' and liabilities' behavioral as well as contractual maturities, the level of primary (cash and cash-equivalent) liquidity reserves needed to conduct the Bank's normal day-to-day operations, Central Bank liquidity facilities to which recourse may be had in order to cope with unexpected liquidity requirements, secondary reserves whose potential to be converted to cash is exposed to the risk of their being underpriced, and the ability to borrow from conventional markets are monitored. Additionally, within the content of scenario and sensitivity analyses stress test is conducted to assess the Bank's liquidity needs in the worst case scenario and the loss that may result therefrom.

For the management of the interest rate risk arising on banking business accounts, attention is given to monitoring and analyzing such issues as rate and maturity mismatches between fixed- and variable-interest fundings and lendings, assets' and liabilities' behavioral as well as contractual maturities, both upward/downward and ordinary/extraordinary movements in interest rates, and the impact of interest rate income on the current value of assets and liabilities.

Additionally, trigger values are monitored as part of the early-warning process and associated risk exposure levels are defined within limits in light of such considerations as liquidity, income level targets, and appetite for risk, and come into force upon the approval of the Board of Directors.

31 DECEMBER 2015-31 DECEMBER 2019 SUMMARY BALANCE SHEET AND STATEMENT OF PROFIT OR LOSS

(TL million)

Assets	**2015**	**2016**	**2017**	**2018**	**2019**
Cash and Cash Equivalents	40,983	43,069	48,571	46,237	57,389
Securities Portfolio	63,943	67,399	70,628	88,681	130,335
Loans	189,083	236,609	302,807	379,331	447,983
Associates and Subsidiaries	2,655	4,312	5,312	7,603	7,602
Fixed Assets	4,842	5,315	5,241	5,045	5,479
Other Assets	1,342	1,057	1,716	10,259	968
Total	**302,848**	**357,761**	**434,275**	**537,156**	**649,756**

Liabilities	**2015**	**2016**	**2017**	**2018**	**2019**
Deposits	186,469	223,019	266,384	331,066	447,251
Money Markets	43,086	47,212	56,258	68,351	49,275
Loans Borrowed	19,543	22,817	29,065	34,172	34,528
Marketable Securities Issued	5,288	6,833	12,757	15,430	13,106
Funds	5,931	6,021	6,031	6,074	6,066
Provisions	5,161	6,053	8,519	2,832	3,819
Subordinated Debt	-	-	-	-	9,566
Other Liabilities	5,824	7,424	8,251	21,830	16,080
Shareholders' Equity	31,546	38,382	47,010	57,401	70,065
Total	**302,848**	**357,761**	**434,275**	**537,156**	**649,756**

Statement of Profit or Loss	**2015**	**2016**	**2017**	**2018**	**2019**
Interest Income	22,050	27,291	35,463	53,054	65,602
Interest Expense	11,542	13,342	18,561	31,138	40,290
Net Interest Income	10,509	13,948	16,902	21,916	25,312
Fees and Commissions Income (Net)	1,300	1,643	2,217	2,638	3,590
Dividend Income	213	259	285	291	1,060
Trading Profit/Loss (Net)	-166	-188	-814	-3,834	-7,817
Other Operating Income	1,340	1,555	1,378	1,434	1,614
Expected Loss and Other Provision Expenses	1,421	3,345	3,191	4,719	6,425
Other Operating Expenses	5,208	5,303	6,490	7,692	9,685
Pretax Profit	6,568	8,569	10,287	10,034	7,648
Tax Provision	1,405	1,993	2,347	2,073	1,461
Net Profit/Loss for the Period	**5,162**	**6,576**	**7,940**	**7,961**	**6,187**

CREDIT RATINGS ASSIGNED BY RATING AGENCIES

After revising Turkey's rating downwards on 14 June 2019, Moody's downgraded the Long-Term Bank Deposit Domestic Currency, Long-Term Bank Deposit Foreign Currency, Long-Term Bonds Domestic Currency and Long-Term Bonds Foreign Currency ratings of Ziraat Bank and other Turkish Banks by one notch, and the Baseline Credit Assessment and Adjusted Baseline Credit Assessment by two notches on 18 June 2019.

On 18 July 2019, Fitch Ratings downgraded Ziraat Bank's Local Currency Long-Term IDR by one notch from BB to BB- and confirmed its Outlook as "Negative". On 12 November 2019, however, the rating agency updated the Outlook it has assigned for the Bank's Foreign Currency Long-Term IDR and Local Currency Long-Term IDR from "Negative" to "Stable" and confirmed the ratings as before.

Japan Credit Rating Agency, Ltd. (JCR) confirmed Ziraat Bank's ratings as follows on 11 October 2019.

Rating Agency	Category	Rating	Revision Date
Fitch Ratings	Foreign Currency Long-Term IDR	B+	November 2019
	Outlook	Stable	
	Foreign Currency Short-Term IDR	B	
	Local Currency Long-Term IDR	BB-	
	Outlook	Stable	
	Local Currency Short-Term IDR	B	
	National Long-Term Rating	AA	
	Outlook	Stable	
	Support Rating	4	
	Support Rating Floor	B+	
	Viability Rating	b+	
Moody's	Outlook	Negative	June 2019
	Long-Term Bank Deposit Foreign Currency	B3	
	Short-Term Bank Deposit Foreign Currency	Not-Prime	
	Long-Term Bank Deposit Domestic Currency	B2	
	Short-Term Bank Deposit Domestic Currency	Not-Prime	
	Long-Term Bonds Foreign Currency	B2	
	Long-Term Bonds Domestic Currency	B2	
	Baseline Credit Assessment	caa1	
	Adjusted Baseline Credit Assessment	caa1	
JCR Eurasia	Long-Term International Foreign Currency	BBB-	October 2019
	Outlook	Negative	
	Long-Term International Local Currency	BBB-	
	Outlook	Negative	
	Long-Term National Local Rating	AAA (Trk)	
	Outlook	Stable	
	Short-Term International Foreign Currency	A - 3	
	Outlook	Negative	
	Short-Term International Local Currency	A - 3	
	Outlook	Negative	
	Short-Term National Local Rating	A-1+ (Trk)	
	Sponsor Support	1	
	Stand Alone	A	

Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi

UNCONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2019 WITH INDEPENDENT AUDITORS' REPORT THEREON

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

INDEPENDENT AUDITOR'S REPORT

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

To the General Assembly of Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

A) Audit of Unconsolidated Financial Statements

Qualified Opinion

We have audited the unconsolidated financial statements of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. ("the Bank") which comprise the unconsolidated balance sheet as at 31 December 2019 and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion section of our report, the unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at 31 December 2019, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "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 circulars and interpretations published by BRSA and requirements of Turkish Financial Reporting Standards for the matters not regulated by the aforementioned legislations.

Basis for Qualified Opinion

As disclosed in section five footnote II.9.3.1, the accompanying unconsolidated balance sheet as at 31 December 2019 include a general reserve of total of TL 830.000 thousands, of which TL 952.000 thousand was recognised in prior years and 122.000 thousands have been reversed in the current period, which is provided by the Bank management for the possible effects of the negative circumstances which may arise in the economy or market conditions.

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" ("BRSA Auditing Regulation") published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Standards on Auditing which is a component of the Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We declare that we are independent of the Bank in accordance with the Code of Ethics for Auditors issued by POA (POA's Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of unconsolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment of loans measured at amortised cost

The details of accounting policies and significant estimates and assumptions for impairment of loans measured at amortised cost are presented in Section III, No: VIII of the unconsolidated financial statements.

Key audit matter	How the matter is addressed in our audit
As of 31 December 2019, loans measured at amortised cost comprise 67% of Bank's total assets. The Bank recognizes its loans in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 and TFRS 9 Financial Instruments standard ("Standard"). The Bank applies the "expected credit loss model" in determining the impairement of financial assets in accordance with the Regulation and Standard. The model which contains significant assumptions and estimates is reviewed by the Bank management annually. The significant assumptions and estimates of the Bank's management are as follows: - significant increase in credit risk; - incorporating the forward looking macroeconomic information in calculation of credit risk; and - design and implementation of expected credit loss model. The determination of the impairment of loans measured at amortised cost depends on the (i) credit default status, (ii) the model based on the change in the credit risk at the first recognition date and (iii) the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets. The Bank calculates expected credit losses on a collective basis. The collective basis expected credit loss calculation is based on complex processes which are modelled by using current and past data sets and expectations and the forward looking expectations are reflected by macroeconomic models. Impairment on loans measured at amortised cost was considered to be a key audit matter, due to the significance of the estimates, assumptions, the level of judgements and its complex structure as explained above.	Our procedures for testing the impairment of loans included below: We evaluated the adequacy of the subjective and objective criteria that is defined in the Bank's impairment accounting policy compared with the Regulation and Standard. - We evaluated the Banks's business model and methodology and the evaluation of the calculations were carried out with the control testing and detailed analysis by the involvement of specialist. - We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and testing their classification. In this context, the current status of the loan customer has been evaluated by including prospective information and macroeconomic variables. - We tested the accuracy and the comleteness of the data in the calculation models for the loans which are assessed on collective basis. The expected credit loss calculation was tested through recalculation. The models used for the calculation of the risk parameters were examined and the risk parameters for the selected sample portfolios were recalculated. - We assessed the macroeconomic models which are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method. - We evaluated the qualitative and quantitative assessments which are used in determining the significant increase in credit risk. - We evaluated the adequacy of the unconsolidated financial statements' disclosures related to impairment provisions.

Pension plan

The details of accounting policies and significant judgements of pension plan are presented in Section III No: XVI of the unconsolidated financial statements.

Key audit matter	How the matter was addressed in our audit
The Bank's defined benefit pension plan (the "Plan") is managed by "T.C. Ziraat Bankası ve T. Halk Bankası Mensupları Emekli ve Yardım Sandığı (TZHEMSAN) Vakfı" (the "Fund") established as per the provisional article 20 of the Social Security Law No. 506 and the Bank's employees are the members of this Fund (TZHEMSAN). As disclosed in the footnote 3.16 to the unconsolidated financial statements, the Plan is composed of benefits which are subject to transfer to Social Security Foundation ("SSF") as per the Social Security Law no.5510 provisional article 20, and other social rights and pension benefits provided by the Bank that are not transferable to SSF. The Council of Ministers has been authorized to determine the transfer date. Following the transfer, the non-transferable social rights and pension benefits provided under the Plan will be covered by the funds and the institutions that employ the funds' members. As of 31 December 2019, the Bank's transferrable liabilities are calculated by an independent actuary using the actuarial assumptions regulated by Law, and in accordance with the Decision of the Council of Ministers announced in the Official Gazette dated 15 December 2006 and No.26377. As of 31 December 2019, the liabilities of the Bank which are not related to the current period are calculated by an independent actuary according to TAS 19 Employee Benefits. The valuation of the Pension Fund liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, inflation levels, demographic assumptions, and the impact of changes in Pension Plan. Management uses independent actuaries to assist in assessing the uncertainty around these assumptions. The key judgments and assumptions used in calculation of transferrable liabilities, plus the uncertainty around the transfer date and basis of the transfer calculation given the fact that the technical interest rate is prescribed under the law, we considered this to be a key audit matter.	Our procedures for testing the defined benefit pension plan in accordance with the key assumptions made by management include below: We evaluated the design and implementation of the controls that the Bank has set for the liability calculations related to the pension plan was tested. - We have assessed whether there have been any significant changes in actuarial assumptions, methods and underlying regulations used in calculations compared to the prior period. - Significant changes during the period in pension plan benefits, plan assets or membership profiles which affect liabilities have been evaluated. - We have evaluated whether the TZHEMSAN plan assets are adequate to cover the Pension Plan liabilities, under the methods and assumptions used. - The adequacy of the unconsolidated financial statements' disclosures related to the pension plan, including disclosures of key assumptions and judgements have been evaluated.

Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with the BRSA Accounting and Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No. 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2019 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

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.

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

Erdal Tıkmak, SMMM
Partner

12 February 2020
İstanbul, Turkey

THE UNCONSOLIDATED FINANCIAL AUDIT REPORT OF TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 31 DECEMBER 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 the year ended 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
- OTHER EXPLANATIONS
- AUDIT REPORT

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

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 Financial Management	Neslihan ARAS Senior Vice President of Financial Coordination

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

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

CONTENTS

(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") transfered to the Turkish Wealth Fund with the decision of the Council of Ministers numbered 2017/9756 dated 24 January 2017. The Bank's head office is located in Ankara.

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

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

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

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

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

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

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

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

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

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

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

As of 31 December 2019, Bank carries its activities with a grand total of 1.758 branches; 1.734 domestic branches including 19 corporate branches, 67 entrepreneurial branches, 1.643 branches and 5 mobile branches (31 December 2018: 1.750 domestic branches including 1.638 branches, 20 corporate branches, 87 entrepreneurial branches, 5 mobile branches) and 24 branches abroad which are London branch in England, Baghdad and Arbil branches in Iraq, Athens, Komotini, and Xanthi branches in Greece, Sofia, Plovdiv, Kardzhali and Varna branches in Bulgaria, Jeddah branch in Saudi Arabia, Pristina, Prizren, Peja and Ferizaj branch in Kosovo, Bahrain branch in Bahrain, Lefkoşa, Girne, Güzelyurt, Gazimağusa, Gönyeli, Taşkınköy, 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 24.563 (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. and Onko İlaç Sanayi ve Ticaret A.Ş. which are subsidiary of the Bank, are not consolidated into the Bank's consolidated financial statements in accordance with Communiqué of the Preparation Consolidated Financial Statements since this entity is not financial institution. Kredi Kayıt Bürosu and Bankalararası Kart Merkezi and ve Platform Ortak Kartlı Sistemler A.Ş. which are associates of the bank are not consolidated but carried at cost since these entities are not controlled by the Bank and are not financial companies.

All other subsidiaries are fully consolidated.

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

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 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 December 2019			Prior Period 31 December 2018		
ASSETS		TL	FC	Total	TL	FC	Total
I- FINANCIAL ASSETS (NET)		81.195.185	91.776.103	172.971.288	63.165.314	70.226.928	133.392.242
1.1 Cash and Cash Equivalents		3.304.146	54.084.654	57.388.800	5.688.933	40.547.786	46.236.719
1.1.1. Cash and Balances with Central Bank	(1)	2.846.413	49.361.246	52.207.659	4.824.521	35.667.113	40.491.634
1.1.2 Banks	(4)	129.851	4.723.528	4.853.379	865.081	4.881.130	5.746.211
1.1.3 Receivables from Money Markets		328.596	-	328.596	-	-	-
1.1.4 Allowance for Expected Credit Losses (-)		714	120	834	669	457	1.126
1.2 Financial Assets Measured at Fair Value Through Profit or Loss	(2)	1.890.575	7.310	1.897.885	501.172	6.230.452	6.731.624
1.2.1 Government Securities		1.890.575	7.310	1.897.885	501.172	5.892.281	6.393.453
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	-	-	-	338.171	338.171
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income	(5),(6)	74.704.727	36.181.990	110.886.717	55.426.682	22.960.841	78.387.523
1.3.1 Government Securities		74.042.653	35.552.979	109.595.632	55.241.367	22.570.485	77.811.852
1.3.2 Equity Securities		132.561	397.578	530.139	120.095	249.956	370.051
1.3.3 Other Financial Assets		529.513	231.433	760.946	65.220	140.400	205.620
1.4 Derivative Financial Assets	(3)	1.295.737	1.502.149	2.797.886	1.548.527	487.849	2.036.376
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit or Loss		1.295.737	1.502.149	2.797.886	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)		320.935.164	131.587.049	452.522.213	257.237.375	123.962.374	381.199.749
2.1 Loans	(7)	329.429.223	118.553.528	447.982.751	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)	4.480.563	13.069.520	17.550.083	5.404.610	4.850.029	10.254.639
2.4.1 Government Securities		4.395.402	13.068.073	17.463.475	5.207.791	4.848.753	10.056.544
2.4.2 Other Financial Assets		85.161	1.447	86.608	196.819	1.276	198.095
2.5 Allowance for Expected Credit Losses (-)		12.974.622	35.999	13.010.621	8.354.542	31.424	8.385.966
III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)	(15)	4.781.720	-	4.781.720	1.225.389	-	1.225.389
3.1 Held for Sale		4.781.720	-	4.781.720	1.225.389	-	1.225.389
3.2. Held from Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		4.345.336	3.257.115	7.602.451	4.380.385	3.222.928	7.603.313
4.1 Investments in Associates (Net)	(9)	99.539	-	99.539	94.912	-	94.912
4.1.1. Associates Accounted by Using Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		99.539	-	99.539	94.912	-	94.912
4.2 Subsidiaries (Net)	(10)	4.245.797	3.146.056	7.391.853	4.285.473	3.115.172	7.400.645
4.2.1 Unconsolidated Financial Subsidiaries		4.188.969	3.146.056	7.335.025	4.279.236	3.115.172	7.394.408
4.2.2 Unconsolidated Non-Financial Subsidiaries		56.828	-	56.828	6.237	-	6.237
4.3 Joint Ventures (Net)	(11)	-	111.059	111.059	-	107.756	107.756
4.3.1. Jointly Controlled Partnerships Accounted by Using Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	111.059	111.059	-	107.756	107.756
V. TANGIBLE ASSETS (Net)	(16)	5.462.267	16.380	5.478.647	5.032.628	12.574	5.045.202
VI. INTANGIBLE ASSETS (Net)	(19)	732.176	12.913	745.089	597.576	11.817	609.393
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		732.176	12.913	745.089	597.576	11.817	609.393
VII. INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		1.683	-	1.683	52.297	-	52.297
IX. DEFERRED TAX ASSET	(20)	1.148.611	-	1.148.611	1.545.993	-	1.545.993
X. OTHER ASSETS (Net)	(22)	3.187.722	1.316.767	4.504.489	3.490.657	2.991.892	6.482.549
TOTAL ASSETS		421.789.864	227.966.327	649.756.191	336.727.614	200.428.513	537.156.127

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

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

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

II- BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five II)	Current Period 31 December 2019			Prior Period 31 December 2018		
LIABILITIES		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(1)	241.031.548	206.219.425	447.250.973	178.236.637	152.829.846	331.066.483
II. FUNDS BORROWED	(3)	4.462.415	30.066.075	34.528.490	2.668.613	31.503.040	34.171.653
III. MONEY MARKET FUNDS	(4)	28.801.883	20.473.527	49.275.410	55.960.316	12.390.480	68.350.796
IV. SECURITIES ISSUED (Net)	(5)	3.279.260	9.826.766	13.106.026	2.817.528	12.612.940	15.430.468
4.1 Bills		2.268.570	279.678	2.548.248	1.806.838	106.896	1.913.734
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		1.010.690	9.547.088	10.557.778	1.010.690	12.506.044	13.516.734
V. FUNDS		6.066.464	-	6.066.464	6.073.748	-	6.073.748
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		6.066.464	-	6.066.464	6.073.748	-	6.073.748
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)	536.536	1.122.322	1.658.858	1.156.322	487.170	1.643.492
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		536.536	1.122.322	1.658.858	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)	565.614	56.146	621.760	-	221	221
X. PROVISIONS	(9)	3.362.285	456.293	3.818.578	2.750.935	80.626	2.831.561
10.1 Provisions for Restructuring		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		1.664.035	-	1.664.035	1.312.520	-	1.312.520
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		1.698.250	456.293	2.154.543	1.438.415	80.626	1.519.041
XI. CURRENT TAX LIABILITY	(10)	1.714.874	5.713	1.720.587	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)	-	9.565.957	9.565.957	-	-	-
14. Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	9.565.957	9.565.957	-	-	-
XV. OTHER LIABILITIES	(6)	8.960.448	3.118.098	12.078.546	8.094.847	10.624.770	18.719.617
XVI. SHAREHOLDERS' EQUITY	(13)	71.106.589	(1.042.047)	70.064.542	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		(571)	-	(571)	(483)	-	(483)
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		(571)	-	(571)	(483)	-	(483)
16.3. Other Accumulated Comprehensive Income that Will not be Reclassified in Profit or Loss		5.728.837	123.518	5.852.355	5.505.954	206.516	5.712.470
16.4. Other Accumulated Comprehensive Income that Will be Reclassified in Profit or Loss		807.677	(1.165.565)	(357.888)	(3.637.328)	(2.792.581)	(6.429.909)
16.5 Profit Reserves		52.110.376	-	52.110.376	37.320.380	-	37.320.380
16.5.1 Legal Reserves		4.750.183	-	4.750.183	4.026.361	-	4.026.361
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		47.360.193	-	47.360.193	31.732.384	-	31.732.384
16.5.4 Other Profit Reserves		-	-	-	1.561.635	-	1.561.635
16.6 Profit or (Loss)		6.360.270	-	6.360.270	14.698.936	-	14.698.936
16.6.1 Prior Periods' Profit or (Loss)		173.382	-	173.382	6.737.998	-	6.737.998
16.6.2 Current Period Profit or (Loss)		6.186.888	-	6.186.888	7.960.938	-	7.960.938
TOTAL LIABILITIES AND EQUITY		369.887.916	279.868.275	649.756.191	319.208.821	217.947.306	537.156.127

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

UNCONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2019

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

	III. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period 31 December 2019			Prior Period 31 December 2018		
			TL	FC	Total	TL	FC	Total
A.	**OFF-BALANCE SHEET COMMITMENTS (I+II+III)**		**138.892.389**	**301.480.421**	**440.372.810**	**95.217.645**	**212.317.845**	**307.535.490**
I.	**GUARANTEES AND WARRANTIES**	(1),(3)	**39.120.560**	**80.704.053**	**119.824.613**	**38.147.431**	**83.037.589**	**121.185.020**
1.1	Letters of Guarantee		38.884.228	52.376.336	91.260.564	37.852.640	56.901.700	94.754.340
1.1.1	Guarantees Subject to State Tender Law		1.045.669	12.331.455	13.377.124	1.545.763	12.362.178	13.907.941
1.1.2	Guarantees Given for Foreign Trade Operations		33.271.753	38.990.248	72.262.001	31.771.450	43.373.060	75.144.510
1.1.3	Other Letters of Guarantee		4.566.806	1.054.633	5.621.439	4.535.427	1.166.462	5.701.889
1.2	Bank Acceptances		9.724	8.192.527	8.202.251	26.238	8.286.735	8.312.973
1.2.1	Import Letter of Acceptance		6.517	8.187.488	8.194.005	26.238	8.284.661	8.310.899
1.2.2	Other Bank Acceptances		3.207	5.039	8.246	-	2.074	2.074
1.3	Letters of Credit		226.608	19.165.683	19.392.291	268.553	17.647.062	17.915.615
1.3.1	Documentary Letters of Credit		226.608	19.150.134	19.376.742	268.553	17.590.326	17.858.879
1.3.2	Other Letters of Credit		-	15.549	15.549	-	56.736	56.736
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		-	969.507	969.507	-	202.092	202.092
1.5.1	Endorsements to the Central Bank of Turkey		-	969.507	969.507	-	202.092	202.092
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		-	-	-	-	-	-
1.9	Other Warrantees		-	-	-	-	-	-
II.	**COMMITMENTS**	(1),(3)	**52.637.562**	**14.557.536**	**67.195.098**	**35.804.240**	**10.058.079**	**45.862.319**
2.1	Irrevocable Commitments		52.637.562	14.557.536	67.195.098	35.804.240	10.058.079	45.862.319
2.1.1	Asset Purchase and Sale Commitments		2.091.236	11.505.500	13.596.736	2.164.112	5.010.133	7.174.245
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		7.500	-	7.500	-	-	-
2.1.4	Loan Granting Commitments		11.842.898	2.120	11.845.018	8.547.764	393	8.548.157
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		3.695.596	-	3.695.596	2.773.071	-	2.773.071
2.1.8	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9	Commitments for Credit Card Limits		24.220.013	-	24.220.013	13.341.463	-	13.341.463
2.1.10	Commitments for Credit Cards and Banking Services Promotions		36.161	-	36.161	23.620	-	23.620
2.1.11	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments		10.744.158	3.049.916	13.794.074	8.954.210	5.047.553	14.001.763
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	(2)	**47.134.267**	**206.218.832**	**253.353.099**	**21.265.974**	**119.222.177**	**140.488.151**
3.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-

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

Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

UNCONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2019

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

	III. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period 31 December 2019			Prior Period 31 December 2018		
			TL	FC	Total	TL	FC	Total
3.2	Trading Transactions		47.134.267	206.218.832	253.353.099	21.265.974	119.222.177	140.488.151
3.2.1	Forward Foreign Currency Buy/Sell Transactions		3.854.913	6.418.511	10.273.424	2.522.130	5.522.841	8.044.971
3.2.1.1	Forward Foreign Currency Transactions-Buy		1.626.296	3.507.008	5.133.304	1.014.221	2.937.649	3.951.870
3.2.1.2	Forward Foreign Currency Transactions-Sell		2.228.617	2.911.503	5.140.120	1.507.909	2.585.192	4.093.101
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		43.277.330	199.771.811	243.049.141	18.722.244	113.675.362	132.397.606
3.2.2.1	Foreign Currency Swap-Buy		1.340.652	98.363.800	99.704.452	6.779	51.842.375	51.849.154
3.2.2.2	Foreign Currency Swap-Sell		41.796.678	57.191.367	98.988.045	18.715.465	33.287.327	52.002.792
3.2.2.3	Interest Rate Swap-Buy		70.000	22.108.322	22.178.322	-	14.272.830	14.272.830
3.2.2.4	Interest Rate Swap-Sell		70.000	22.108.322	22.178.322	-	14.272.830	14.272.830
3.2.3	Foreign Currency, Interest rate and Securities Options		2.024	28.510	30.534	21.600	23.974	45.574
3.2.3.1	Foreign Currency Options-Buy		1.012	14.255	15.267	10.800	11.987	22.787
3.2.3.2	Foreign Currency Options-Sell		1.012	14.255	15.267	10.800	11.987	22.787
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	-	-	-
B.	**CUSTODY AND PLEDGES RECEIVED (IV+V+VI)**		**1.907.087.847**	**238.577.007**	**2.145.664.854**	**1.320.273.303**	**203.877.366**	**1.524.150.669**
IV.	**ITEMS HELD IN CUSTODY**		**801.784.528**	**43.695.339**	**845.479.867**	**483.537.169**	**28.520.249**	**512.057.418**
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		16.068.422	21.363.653	37.432.075	18.593.440	9.756.471	28.349.911
4.3	Checks Received for Collection		10.470.124	1.397.404	11.867.528	10.552.360	1.236.933	11.789.293
4.4	Commercial Notes Received for Collection		11.290.277	775.924	12.066.201	9.896.272	757.409	10.653.681
4.5	Other Assets Received for Collection		8.816	-	8.816	8.816	-	8.816
4.6	Assets Received for Public Offering		738.596.223	-	738.596.223	421.798.436	-	421.798.436
4.7	Other Items Under Custody		25.349.017	20.158.358	45.507.375	22.686.196	16.769.436	39.455.632
4.8	Custodians		1.649	-	1.649	1.649	-	1.649
V.	**PLEDGES RECEIVED**		**1.104.055.321**	**191.572.318**	**1.295.627.639**	**835.481.621**	**172.435.494**	**1.007.917.115**
5.1	Marketable Securities		2.446.267	1.146.602	3.592.869	1.499.608	996.893	2.496.501
5.2	Guarantee Notes		15.642.486	1.989.052	17.631.538	16.636.075	1.778.629	18.414.704
5.3	Commodity		934.751	95.196	1.029.947	1.085.366	85.485	1.170.851
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		877.668.953	124.665.021	1.002.333.974	732.484.160	113.437.562	845.921.722
5.6	Other Pledged Items		207.357.655	63.654.787	271.012.442	83.771.203	56.117.548	139.888.751
5.7	Pledged Items-Depository		5.209	21.660	26.869	5.209	19.377	24.586
VI.	**ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES**		**1.247.998**	**3.309.350**	**4.557.348**	**1.254.513**	**2.921.623**	**4.176.136**
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		**2.045.980.236**	**540.057.428**	**2.586.037.664**	**1.415.490.948**	**416.195.211**	**1.831.686.159**

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

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2019

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

	IV. STATEMENT OF PROFIT OR LOSS INCOME AND EXPENSE ITEMS	Note (Section Five IV)	Current Period 1 January-31 December 2019	Prior Period 1 January-31 December 2018
I.	INTEREST INCOME	(1)	65.602.283	53.053.807
1.1	Interest on Loans		52.764.423	41.027.918
1.2	Interest Received from Reserve Deposits		439.830	697.410
1.3	Interest Received from Banks		305.757	248.312
1.4	Interest Received from Money Market Transactions		7.099	22.490
1.5	Interest Received from Marketable Securities Portfolio		11.966.108	10.977.126
1.5.1	Financial Assets at Fair Value Through Profit or Loss		12.463	5.665
1.5.2	Financial Assets at Fair Value through Other Comprehensive Income		10.603.117	9.871.894
1.5.3	Financial Assets Measured at Amortized Cost		1.350.528	1.099.567
1.6	Financial Lease Interest Income		-	-
1.7	Other Interest Income		119.066	80.551
II.	INTEREST EXPENSE (-)	(2)	40.290.277	31.137.996
2.1	Interest on Deposits		27.989.002	19.674.540
2.2	Interest on Funds Borrowed		1.672.114	1.429.422
2.3	Interest on Money Market Transactions		8.927.479	8.793.448
2.4	Interest on Securities Issued		1.366.368	1.087.134
2.5	Financial Lease Interest Expenses		97.619	15
2.6	Other Interest Expenses		237.695	153.437
III.	NET INTEREST INCOME (I - II)		25.312.006	21.915.811
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		3.589.771	2.637.794
4.1	Fees and Commissions Received		5.708.022	3.557.787
4.1.1	Non-cash Loans		900.911	668.217
4.1.2	Other		4.807.111	2.889.570
4.2	Fees and Commissions Paid		2.118.251	919.993
4.2.1	Non-cash Loans		1.463	949
4.2.2	Other		2.116.788	919.044
V.	DIVIDEND INCOME	(3)	1.060.357	290.900
VI.	TRADING PROFIT/(LOSS) (Net)	(4)	(7.817.493)	(3.834.183)
6.1	Profit/Losses from Capital Market Transactions		219.437	8.791
6.2	Profit/Losses from Derivative Financial Transactions		(8.483.899)	(3.506.435)
6.3	Foreign Exchange Profit/Losses		446.969	(336.539)
VII.	OTHER OPERATING INCOME	(5)	1.613.869	1.433.843
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		23.758.510	22.444.165
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	(6)	6.313.395	4.701.631
X.	OTHER PROVISION EXPENSES (-)	(6)	111.766	17.056
XI.	PERSONNEL EXPENSE (-)		3.460.423	2.839.925
XII.	OTHER OPERATING EXPENSES (-)	(7)	6.224.812	4.851.869
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		7.648.114	10.033.684
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)	(8)	7.648.114	10.033.684
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(1.461.226)	(2.072.746)
18.1	Current Tax Provision		(2.738.530)	(2.242.602)
18.2	Expense Effect of Deferred Tax (+)		(3.375.545)	(2.722.000)
18.3	Income Effect of Deferred Tax (-)		4.652.849	2.891.856
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)	(10)	6.186.888	7.960.938
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)	(11)	6.186.888	7.960.938
	Earnings/(Loss) per share (in TL full)		1,014	1,403

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

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 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 December 2019	Prior Period 1 January-31 December 2018
I.	CURRENT PERIOD PROFIT/LOSS	6.186.888	7.960.938
II.	OTHER COMPREHENSIVE INCOME	6.022.966	(3.385.555)
2.1	Other Comprehensive Income That Will Not be Reclassified to Profit or Loss	(49.055)	1.796.306
2.1.1	Property and Equipment Revaluation Increase/Decrease	(223.184)	(107.965)
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	(30.066)	74.380
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	166.260	2.235.617
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	37.935	(405.726)
2.2	Other Comprehensive Income That Will be Reclassified to Profit or Loss	6.072.021	(5.181.861)
2.2.1	Foreign Currency Translation Differences	-	-
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	7.784.642	(6.321.870)
2.2.3	Cash Flow Hedge Income/Loss	-	-
2.2.4	Foreign Net Investment Hedge Income/Loss	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	(1.712.621)	1.140.009
III.	TOTAL COMPREHENSIVE INCOME (I+II)	12.209.854	4.575.383

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

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

						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						
	VI. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share certificate Cancel profits	Other capital reserves	1	2	3	4	5	6	Profit Reserves	Prior period net profit/(loss)	Current period net profit/(loss)	Total Equity
	Current Period														
	31 December 2019														
I.	Balance at the beginning of the period	6.100.000	-	-	(483)	3.760.738	(57.499)	2.009.231	-	(6.429.909)	-	37.320.380	14.698.936	-	57.401.394
II.	Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New balance (I+II)	6.100.000	-	-	(483)	3.760.738	(57.499)	2.009.231	-	(6.429.909)	-	37.320.380	14.698.936	-	57.401.394
IV.	Total comprehensive income (loss)	-	-	-	-	(200.866)	(24.053)	175.864	-	6.072.021	-	-	-	6.186.888	12.209.854
V.	Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII	Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase (decrease) through other changes, equity	-	-	-	(88)	188.940	-	-	-	-	-	143.700	120.742	-	453.294
XI.	Profit distribution	-	-	-	-	-	-	-	-	-	-	14.646.296	(14.646.296)	-	-
11.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	14.574.793	(14.574.793)	-	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	71.503	(71.503)	-	-
	Balance at the end of the period (III+IV+…...+X+XI)	6.100.000	-	-	(571)	3.748.812	(81.552)	2.185.095	-	(357.888)	-	52.110.376	173.382	6.186.888	70.064.542

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

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

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

4. Exchange Differences on Translation

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

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

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

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 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				
	Prior Period														
	31 December 2018														
I.	Balance at the beginning of the period	5.600.000	-	-	(252)	3.858.888	(119.482)	1.320.744	-	(1.250.450)	-	29.660.259	7.940.121	-	47.009.828
II.	Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	2.402	-	-	5.518.877	-	5.521.279
2.1	Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	2.402	-	-	5.518.877	-	5.521.279
III.	New balance (I+II)	5.600.000	-	-	(252)	3.858.888	(119.482)	1.320.744	-	(1.248.048)	-	29.660.259	13.458.998	-	52.531.107
IV.	Total comprehensive income (loss)	-	-	-	-	(98.150)	61.983	1.832.473	-	(5.181.861)	-	-	-	7.960.938	4.575.383
V.	Capital increase in cash	500.000	-	-	-	-	-	-	-	-	-	-	-	-	500.000
VI.	Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII	Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase (decrease) through other changes, equity	-	-	-	(231)	-	-	(1.143.986)	-	-	-	-	1.219.121	-	74.904
XI.	Profit distribution	-	-	-	-	-	-	-	-	-	-	7.660.121	(7.940.121)		(280.000)
11.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	(280.000)	-	(280.000)
11.2	Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	7.582.399	(7.582.399)	-	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	77.722	(77.722)	-	-
											-				
	Balance at the end of the period (III+IV+…...+X+XI)	6.100.000	-	-	(483)	3.760.738	(57.499)	2.009.231	-	(6.429.909)	-	37.320.380	6.737.998	7.960.938	57.401.394

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

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR ENDED 31 DECEMBER 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 December 2019	Prior Period 1 January-31 December 2018
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		(11.924.072)	2.203.126
1.1.1	Interest Received		58.879.738	47.282.174
1.1.2	Interest Paid		(39.652.756)	(29.442.439)
1.1.3	Dividend Received		1.037.071	290.900
1.1.4	Fees and Commissions Received		5.708.022	3.557.787
1.1.5	Other Income		2.280.275	1.433.843
1.1.6	Collections from Previously Written-off Loans and Other Receivables		1.926.028	1.154.673
1.1.7	Cash Payments to Personnel and Service Suppliers		(3.950.537)	(3.465.410)
1.1.8	Taxes Paid		(3.350.308)	(2.355.477)
1.1.9	Other		(34.801.605)	(16.252.925)
1.2	Changes in Operating Assets and Liabilities		30.364.918	21.112.523
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		4.942.930	(6.714.626)
1.2.2	Net (increase)/decrease in due from banks and other financial institutions		(8.050.821)	9.908.304
1.2.3	Net (increase)/decrease in loans		(60.324.845)	(68.324.344)
1.2.4	Net (increase)/decrease in other assets		2.311.198	(6.930.126)
1.2.5	Net increase/(decrease) in bank deposits		5.594.469	22.202.162
1.2.6	Net increase/(decrease) in other deposits		110.319.101	53.034.467
1.2.7	Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss		-	1.095.723
1.2.8	Net increase/(decrease) in funds borrowed		309.613	4.950.035
1.2.9	Net increase/(decrease) in matured payables		-	-
1.2.10	Net increase/(decrease) in other liabilities		(24.736.727)	11.890.928
I.	**Net Cash Provided from Banking Operations**		**18.440.846**	**23.315.649**
B.	**CASH FLOWS FROM INVESTMENT ACTIVITIES**			
II.	**Net Cash Provided from Investing Activities**		**(21.215.135)**	**(17.597.250)**
2.1	Cash paid for acquisition of investments, associates and subsidiaries		(108.692)	(1.539.904)
2.2	Cash obtained from disposal of investments, associates and subsidiaries		-	-
2.3	Purchases of tangible assets		(1.227.226)	(79.232)
2.4	Disposals of tangible assets		497.581	235.203
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(42.117.386)	(26.023.741)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income		20.341.757	11.798.189
2.7	Purchase of Financial Assets Measured at Amortized Cost		(10.608.138)	(3.501.862)
2.8	Sale of Financial Assets Measured at Amortized Cost		3.875.246	2.607.480
2.9	Other		8.131.723	(1.093.383)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net Cash Provided from Financing Activities**		**5.612.313**	**1.265.269**
3.1	Cash Obtained from Funds Borrowed and Securities Issued		16.239.183	8.758.603
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(10.346.528)	(7.993.108)
3.3	Issued Equity Instruments		-	500.000
3.4	Dividends Paid		-	-
3.5	Payments for Lease Liabilites		(280.342)	(226)
3.6	Other		-	-
IV.	**Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents**	(1)	**1.934.786**	**3.390.382**
V.	**Net Decrease/Increase in Cash and Cash Equivalents (I+II+III+IV)**		**4.772.810**	**10.374.050**
VI.	**Cash and Cash Equivalents at the Beginning of the Period**	(1)	**23.389.729**	**13.015.679**
VII.	**Cash and Cash Equivalents at the End of the Period**	(1)	**28.162.539**	**23.389.729**

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR ENDED 31 DECEMBER 2019

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

VIII. PROFIT DISTRIBUTION STATEMENT (*)		Current Period 31 December 2019	Prior Period 31 December 2018
I.	**DISTRIBUTION OF CURRENT YEAR INCOME**		
1.1	Current Year Income	7.648.114	10.033.684
1.2	Taxes And Duties Payable (-)(3)	2.738.530	2.242.602
1.2.1	Corporate Tax (Income tax)	2.738.530	2.242.602
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	-	-
A.	**NET INCOME FOR THE YEAR (1.1-1.2)**	**4.909.584**	**7.791.082**
1.3	Prior Year Losses (-)	-	-
1.4	First Legal Reserves (-)	-	389.554
1.5	Other Statutory Reserves (-)	-	-
B.	**NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]**	**4.909.584**	**7.401.528**
1.6	First Dividend To Shareholders (-)	-	-
1.6.1	To Owners Of Ordinary Shares	-	-
1.6.2	To Owners Of Privileged Shares	-	-
1.6.3	To Owners Of Preferred Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders Of Profit And Loss Sharing Certificates	-	-
1.7	Dividends To Personnel (-)	-	-
1.8	Dividends To Board Of Directors (-)	-	-
1.9	Second Dividend To Shareholders (-)	-	-
1.9.1	To Owners Of Ordinary Shares	-	-
1.9.2	To Owners Of Privileged Shares	-	-
1.9.3	To Owners Of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders Of Profit And Loss Sharing Certificates	-	-
1.10	Second Legal Reserves (-)	-	-
1.11	Statutory Reserves (-)	-	7.401.528
1.12	Extraordinary Reserves	-	-
1.13	Other Reserves	-	-
1.14	Special Funds		
II.	**DISTRIBUTION OF RESERVES**		
		-	-
2.1	Appropriated Reserves	-	-
2.2	Second Legal Reserves (-)	-	-
2.3	Dividends To Shareholders (-)	-	-
2.3.1	To Owners Of Ordinary Shares	-	-
2.3.2	To Owners Of Privileged Shares	-	-
2.3.3	To Owners Of Preferred Shares	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Holders Of Profit And Loss Sharing Certificates	-	-
2.4	Dividends To Personnel (-)		
2.5	Dividends To Board Of Directors (-)		
III.	**EARNINGS PER SHARE**	0,8048	1,3735
		80,48	137,35
3.1	To Owners Of Ordinary Shares	-	-
3.2	To Owners Of Ordinary Shares (%)	-	-
3.3	To Owners Of Privileged Shares		
3.4	To Owners Of Privileged Shares (%)		
IV.	**DIVIDEND PER SHARE**	-	-
		-	-
4.1	To Owners Of Ordinary Shares	-	-
4.2	To Owners Of Ordinary Shares (%)	-	-
4.3	To Owners Of Privileged Shares		
4.4	To Owners Of Privileged Shares (%)		

(*) Profit distribution is approved by the Ordinary General Assembly. As of the date of the preparation of financial statements, the meeting for Ordinary General Assembly has not been held.

(**) The deferred tax benefit amounted TL 1.277.304 is included in profit distribution (31 December 2018: The deferred tax benefit amounted TL 169.856 is not taken into account in profit distribution)

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

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

Changes in Accounting Policies

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

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

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

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

Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

TFRS 16 Leases Standard Transition Effect

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

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

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

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

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

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

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

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

Capital payments in US Dollar amounts transferred to the subsidiaries operating abroad and evaluation differences, are converted to Turkish Liras by effective exchange rate on valuation date and presented on the financial statements. For currency risk arising from foreign currency conversion of subsidiaries' capital that is paid in Euro amounts, Euro deposits are used for hedging purposes. The total capital amount linked to this purpose is EUR 268.075 thousand.

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

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

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

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

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

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

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

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

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

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

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

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

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

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

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

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

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

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

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

Classification And Measurement Within The Scope of TFRS 9

In accordance with TFRS 9 Financial Instruments Standard, financial assets are measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss by;
- The business model used by the entity for the management of financial assets,
- Properties of contractual cash flows of a financial asset.

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

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Financial Assets At Fair Value Through Profit or Loss

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

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

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

Financial Assets At Fair Value Through Other Comprehensive Income

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

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

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

Financial Assets Measured at Amortized Cost

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

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

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

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

Loans

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

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

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Explanations on Expected Loss Provisions

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

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

Impairment

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

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

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

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

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

12 Month Expected Credit Losses (Stage 1)

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

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

Significant Increase in Credit Risk (Stage 2)

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

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

Credit-Impaired Losses (Stage 3)

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

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

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

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

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

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

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

Probability of Default

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

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

Default Amount

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

Loss Given Default

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

Future Expectations

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

The Methodology of Behavioral Maturity Calculation

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

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.

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

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

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

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

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

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

The properties obtained from the Bank's receivables are shown at the Non-current assets or disposal groups "held for sale" and "from discontinued operations" line according to the execution of the forward sales agreement.

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

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

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

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

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XIII. EXPLANATIONS ON TANGIBLE ASSETS

Tangible assets are measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. As of 31 January 2014 the Bank has changed its accounting policies and has decided to pursue the real estates registered in its portfolio at fair values. In this context, for all real estates registered in the Bank's inventory, appraisal study was carried by independent expertise companies, and from 31 December 2016 valuation results are reflected in the accounting records. As of 30 January 2014, the net book amount of real estates of the tangible assets before valuation was TL 816.950. As of 31 December 2016 the valuation studies have been done and valuation results are reflected to accounting records. As of 31 December 2019, the fair value difference of the net real estates amounting to TL 3.559.872 is followed under shareholders' equity.

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

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

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

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

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

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Leases in Accordance with TFRS 16

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

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

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

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

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

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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.

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

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

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

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

Employment Termination and Vacation Benefits

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

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

The Bank uses independent actuaries in determining liability, and also makes assumptions about issues such as discount rate and inflation. As of 31 December 2019, retirement benefit obligation is TL 1.038.524 (31 December 2018: TL 824.520).

	Current Period	Prior Period
Discount Rate	12,15%	16,30%
Inflation	8,68%	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 81.552 was classified under shareholders' equity in the financials.

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

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

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

Some of the Bank's personnel are the members of T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees' Pension Fund ("Fund") which was established by 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. As of 31 December 2019 the number of personnel who benefit from the Fund, excluding dependents, is 23.720 (31 December 2018: 23.308). 19.832 of these members are active while 3.888 are passive members. (31 December 2018: 19.458 active members, 3.850 passive members).

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.

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

XVII. EXPLANATIONS ON TAXATION

Current Tax

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

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

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

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

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

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

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

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

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

Deferred Tax

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

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

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

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

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

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

XVIII. EXPLANATIONS ON BORROWINGS

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

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

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

XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

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

XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

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

XXI. EXPLANATIONS ON GOVERNMENT GRANTS

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

XXII. CASH AND CASH EQUIVALENTS

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

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

XXIII. EXPLANATIONS ON SEGMENT REPORTING

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

XXIV. EXPLANATIONS ON OTHER MATTERS

Explanation on Profit Distribution

It was proposed to set aside the general legal reserve TL 389.554 from the net profit for the period of TL 7.960.938; to keep TL 7.401.528 remaining from the distributions in the Bank; to set aside the legal reserve of TL 334.268 from the accumulated profit of TL 6.685.358 remaining after deducting TL 37.639 which is the negative valuation difference balance that is monitored in the fund account under the equity, that is required to be liquidated in accordance with TFRS 9 Standard, and that resulted from the reclassification of a party of securities in 2008, and TL 11.370, which is the amount of the tax provision for real estate sales revenues monitored in the special fund account, from the total of TL 5.518.877, which is monitored in the accumulated profits and which was created by the recalculation of the provisions in accordance with the regulations of the Turkish Financial Reporting Standard called "TFRS 9 Financial Instruments" that started to be implemented as of 1 January 2018, of TL 1.143.986, which is the sales revenue of certain share certificates in the Bank's portfolio, and of TL 71.503, which is the part of the real estate sales revenues that subjects to the profit distribution, and to transfer the remaining amount of TL 6.351.090 to the extraordinary reserves; to transfer TL 52.640, which is the part of 50% of the sales revenue from the real estate sold in 2018, to the other reserves so as to be monitored in a special fund account; and to transfer TL 280.000, which was set aside from the profit for 2017 to be paid to the shareholder, to the extraordinary reserves in accordance with the resolution made at the General Assembly Meeting for 2017.

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 December 2019 Bank's total regulatory capital has been calculated as TL 83.636.178 (31 December 2018: TL 61.008.521), capital adequacy ratio is 17,02% (31 December 2018:14,82%). This ratio is well above the minimum ratio required by the legislation.

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1. Information Related to The Components of Shareholders' Equity

	Current Period 31 December 2019	Amount as per the regulation before 01/01/2014*
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	6.100.000	-
Share issue premiums	-	-
Reserves	52.110.376	-
Gains recognized in equity as per TAS	6.643.351	-
Profit	6.360.270	-
Current Period Profit	6.186.888	-
Prior Period Profit	173.382	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	17.388	-
Common Equity Tier 1 Capital Before Deductions	**71.231.385**	**-**
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	1.166.843	-
Improvement costs for operating leasing	20.164	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	745.089	745.089
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-

	Current Period 31 December 2019	Amount as per the regulation before 01/01/2014*
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions from Common Equity Tier I Capital	**1.932.096**	**-**
Total Common Equity Tier I Capital	**69.299.289**	**-**
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	9.246.580	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	**9.246.580**	**-**
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	**9.246.580**	**-**
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	**78.545.869**	**-**
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	5.185.668	-
Tier II Capital Before Deductions	**5.185.668**	**-**
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	**-**	**-**
Total Tier II Capital	**5.185.668**	**-**
Total Capital (The sum of Tier I Capital and Tier II Capital)	**83.731.537**	**-**

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	Current Period 31 December 2019	Amount as per the regulation before 01/01/2014*
Total Capital (The sum of Tier I Capital and Tier II Capital)	**83.731.537**	**-**
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	95.359	-
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)	83.636.178	-
Total Risk Weighted Assets	491.404.718	-
CAPITAL ADEQUACY RATIOS		
CET 1 Capital Ratio (%)	14,10	-
Tier I Capital Ratio (%)	15,98	-
Capital Adequacy Ratio (%)	17,02	-
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	2,52	-
a) Capital conservation buffer requirement (%)	2,50	-
b) Bank specific countercyclical buffer requirement (%)	0,02	-
c) Higher bank buffer requirement ratio (%) (**)	-	-
Additional CET 1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	9,60	-
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	180.672	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	90.883	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	1.148.611	-
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per the thousand	5.185.668	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	5.185.668	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Comminique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Comminique on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
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".

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

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

	Prior Period 31 December 2018	Amount as per the regulation before 01/01/2014*
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions from Common Equity Tier I Capital	**7.172.442**	**-**
Total Common Equity Tier I Capital	**56.752.366**	**-**
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Additional Tier I Capital before Deductions		
Deductions from Additional Tier I Capital	**-**	**-**
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items to be defined by the BRSA (-)	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 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)	**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**	**-**

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

	Prior Period 31 December 2018	Amount as per the regulation before 01/01/2014*
Total Capital (The sum of Tier I Capital and Tier II Capital)	**61.010.392**	-
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA (-)	1.871	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity 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 Comminique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Comminique on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 01 January 2018-01 January 2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(*) Amounts considered within transition provisions

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

2. Items Included in Capital Calculation

Information about instruments included in total capital calculation-Current Period	
Issuer	T.C. Ziraat Bankası A.Ş.
Identifier (CUSIP, ISIN vb.)	XS1984644739
Governing law (s) of the instrument	Subject to English Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Communiqué VII-128.8 on Debt Instruments of the Capital Markets Board and the Regulation on Bank Capital of the BRSA.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and/or consolidated basis	Eligible on unconsolidated and consolidated
Instrument type	Additional Capital Bond Issuance (Tier 1 Capital)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	9.247
Nominal value of instrument (TL million)	9.247
Accounting classification of the instrument	347001-Subordinated Debts
Original date of issuance	24 April 2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Issue date of the instrument	24 April 2019
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	Subject to the approval of the BRSA, a repayment option is available at the end of each 5-year period from the date of issue.
Subsequent call dates, if applicable	24 April 2024
Interest/dividend payment	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	First 5 years fixed 5,076%, next 5 years MS + 5,031% fixed
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	Fully discretionary
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
Convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger(s)	Yes. Article 7 of the Regulation on Bank Capital
If bond can be written-down, full or partial	Has full or partial write down feature
If bond can be written-down, permanent or temporary	Has permanent or temporary write down feature
If temporary write-down, description of write-up mechanism.	Has-write up mechanism
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.

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

	Current Period	Prior Period
Balance Sheet - Equity	**70.064.542**	**57.401.394**
Operational Leasing Development Costs	(20.164)	(39.634)
Goodwill and Other Intangible Assets and Related Deferred Taxes Liabilities	(745.089)	(609.393)
TIER 2 Capital (Provisions)	5.185.668	4.258.026
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	9.246.580	-
Other deductions from common equity	(95.359)	(1.871)
Amount recognized in regulatory capital	**83.636.178**	**61.008.521**

II. EXPLANATIONS ON CREDIT RISK

1. Information on Credit Risk

Credit risk is the possibility of loss that the bank may be exposed due to the partial or complete default of the debtor by not complying to the obligations of the agreement made, or due to the decrease in credit worthiness.

The limits of the credit customers are identified, after combined assessment of various factors like the financial and non-financial information of the credit customers, credit requirements, sectoral and geographical features and, in conformity with the legal legislation, in line with the credit authorization limits of the branches, Group Presidencies, Department Presidencies, Assistant General Management, General Manager, Credit Committee and Board of Directors.

In order to prevent the risk intensity on the commercial loan portfolio, limits are determined and followed on the basis of group companies, private and public firms, and different debtor groups. Similarly, in determining the limits of the agricultural loan portfolio the structures of the regions are considered. The bank's credit authority limits on given consumer loans are defined with the separation of type and guarantee and these limits are updated according to economic conjuncture and demands of Regional Directorates/Branches.

The limits, subjects, collateral structure, maturities, accounts booked, outstanding balances of the loans allocated by the branches are periodically analyzed depending on the number of customers andand monitored on customer and regional basis.

After the opening of the lines of the commercial loans, the firms are continued to be monitored and the changes at the financial structures and market relations of the credit firms are followed. The credit limits are identified and approved for one year and renewed in case of no negative change in the situation of the customer (financial structure, market, collateral, etc.).

The Bank is assessing credibility of the customer as the essential factor in issuing credits and creditors' credit worthiness are ascertained during credit application and limit allocation/renewal. Documents to be obtained during the application are evidently mentioned in regulations and appropriateness of the documents obtained during application is controlled by internal audit departments. The Bank considers guarantees as important in minimization and elimination of the risk. As a result of policies and process based on obtaining reliable and robust guarantees, the Bank's credit risk significantly declines.

On January 2011 the Bank started applying internal ratings processes as a decision support system for analysing credit worthiness and determining credit allocation for Corporate/Commercial/Entrepreneurial consumer loans.

The Bank makes provision in conformity with the "Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions".

Identification of limits for domestic and foreign banks are done by rating which is determined by considering the needs of clients and departments together with financial and economic conditions of the banks and their countries. When banks and/or countries are financially or economically risky, identified limits can be restricted with maturity, amount or type of transaction or use of credit is called off.

Since the Bank's abroad lending operations have no significant effect on the financial statements, and operations and transactions are diversified via the use of different financial institutions in various countries, the Bank is not believed to be exposed to a significant credit risk as a result of these operations.

Foreign financial institution and country risks of the Bank are generally taken on financial institutions and countries which are rated by international rating institutions. Treasury operations are executed in the frame of pre-determined authorization and limits, these authorization and limits are monitored. Client transactions within the context of Fund Management are done in the frame of general loan limits determined for the clients

The Bank engages in foreign currency swaps and forward transactions considering its asset-liability balance and legal limits. These are not considered to generate material risk given the amount of these transactions in the balance sheet.

Non-cash risks of customers classified as non-performing loans in accordance with the Communiqué on "Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions"are subjected to expected loss provision (Stage 3) under the same regulation, when the related risks are reimbursed and transformed into cash recievables, they are followed up in the same risk group as the cash loan which was previously classified as non-performing loans and the expected losses provision (Stage 3) continues to be provided.

Restructured and rescheduled loans are also booked in line with procedures and under accounts defined by the related regulation. Furthermore, they are monitored by the bank in line with credit risk policies. In this context, financial situation and commercial operations of related customers are analyzed and in terms of restructured plan, whether principal and interest payments have been paid is being checked and necessary measures are taken.

The percentage of top 100 and top 200 cash loans in the total cash loan portfolio is 28% and 33% respectively (31 December 2018: 30% and 35%).

The percentage of top 100 and top 200 non-cash loans in the total non-cash loan portfolio is 53% and 65% respectively (31 December 2018: 53% and 65%).

The percentage of top 100 and top 200 cash and non-cash loans in the total cash and non-cash loan portfolio is 29% and 36% respectively (31 December 2018: 30% and 38%).

TFRS 9 expected loss provisions for the loans for the Stage 1 and Stage 2 are amounted TL 5.156.710 (31 December 2018: TL 3.263.642)

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2. The Profile of Important Risks of Important Regions

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables
Current Period								
Domestic	137.119.329	649.567	581.951	-	-	30.278.276	242.777.485	162.502.935
European Union Countries	192.382	-	-	-	-	37.447.957	351.183	58.204
OECD Countries [1]	-	-	-	-	-	700.891	66.044	-
Off-shore Banking Regions	-	-	-	-	-	3.108	-	-
USA, Canada	-	-	-	-	-	3.564.230	2.130.965	-
Other Countries	430.598	4.546	24	-	-	4.291.190	8.584.026	153.925
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	4.950.341	72.791	6.343
Unallocated Assets/ Liabilities [2]	-	-	-	-	-	-	-	-
Total	**137.742.309**	**654.113**	**581.975**	**-**	**-**	**81.235.993**	**253.982.494**	**162.721.407**

	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Investments in Equity Instruments [3]	Other receivables	Total
Current Period										
Domestic	68.652.934	3.755.751	1.764.652	-	-	-	2.532.901	131.194	27.127.402	677.874.377
European Union Countries	-	1.168	459	-	-	-	-	-	-	38.051.353
OECD Countries [1]	-	-	-	-	-	-	-		-	766.935
Off-shore Banking Regions	-	-	-	-	-	-	-		-	3.108
USA, Canada	-	-	-	-	-	-	-			5.695.195
Other Countries	59.609	134.670	1.514.600	-	-	-	-	22.447	-	15.195.635
Subsidiaries, Associates and Joint Ventures	-	-	878.509	-	-	-	2.050.000		-	7.957.984
Unallocated Assets/ Liabilities [2]	-	-	-	-	-	-	-		-	-
Total	**68.712.543**	**3.891.589**	**4.158.220**	**-**	**-**	**-**	**4.582.901**	**153.641**	**27.127.402**	**745.544.587**

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

[1] OECD Countries other than EU countries, USA and Canada.
[2] Assets and liabilities that could not be distributed on a consistent basis.

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivab-les	Conditional and unconditio-nal retail receivables
Prior Period								
Domestic	101.715.907	681.851	534.943	-	-	18.509.633	231.082.507	134.307.296
European Union Countries	64.088	-	-	-	-	25.482.569	184.327	64.831
OECD Countries [1]	-	-	-	-	-	986.769	107.465	-
Off-shore Banking Regions	-	-	-	-	-	26.699	-	-
USA, Canada	-	-	-	-	-	3.945.698	1.059.853	454
Other Countries	1.941.939	2.049	62	-	-	1.082.143	1.259.928	146.447
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	4.429.032	1.180.659	6.066
Unallocated Assets/Liabilities [2]	-	-	-	-	-	-	-	-
Total	**103.721.934**	**683.900**	**535.005**	**-**	**-**	**54.462.543**	**234.874.739**	**134.525.094**

	Conditional and unconditio-nal receivables secured by mortgages	Past due receivab-les	Receivables defined in high risk category by BRSA	Securities collate-ralised by mortga-ges	Securitisation posi-tions	Short-term receivables from banks, brokerage houses and corpora-tes	Invest-ments similar to collective investment funds	Invest-ments in Equity Instru-ments	Other Receivables [3]	Total
Prior Period										
Domestic	54.822.568	1.872.545	1.003.055	-	-	-	2.080.910	119.091	20.387.062	567.117.368
European Union Countries	-	1.727	803	-	-	-	-	9	-	25.798.354
OECD Countries [1]	-	-	-	-	-	-	-	-	-	1.094.234
Off-shore Banking Regions	-	-	-	-	-	-	-	-	-	26.699
USA, Canada	-	-	-	-	-	-	-	-	-	5.006.005
Other Countries	32.141	287	1.841.225	-	-	-	-	23.906	-	6.330.127
Subsidiaries, Associates and Joint Ventures	-	-	687.555	-	-	-	1.300.000	-	-	7.603.312
Unallocated Assets/Liabilities [2]	-	-	-	-	-	-	-	-	-	-
Total	**54.854.709**	**1.874.559**	**3.532.638**	**-**	**-**	**-**	**3.380.910**	**143.006**	**20.387.062**	**612.976.099**

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

[1] OECD Countries other than EU countries, USA and Canada
[2] Assets and liabilities that could not be distributed on a consistent basis

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3. Risk Profile by Sectors or Counterparties

	Risk Classes							
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables
Sectors/Counter Parties								
Agriculture	112	353	7.963	-	-	-	2.505.961	6.341.181
Farming and Stockbreeding	33	353	7.963	-	-	-	2.392.545	5.848.131
Forestry	79	-	-	-	-	-	39.541	223.205
Fishing	-	-	-	-	-	-	73.875	269.845
Manufacturing	67.650	1.382	8.825	-	-	-	108.757.468	12.710.581
Mining and Quarrying	-	-	-	-	-	-	5.566.878	204.605
Production	67.643	14	670	-	-	-	74.328.563	12.344.423
Electric, Gas and Water	7	1.368	8.155	-	-	-	28.862.027	161.553
Construction	-	-	167.519	-	-	-	36.209.152	4.968.720
Services	49.380.973	3.884	175.287	-	-	66.741.196	102.132.987	32.164.573
Wholesale and Retail Trade	3	25	12.223	-	-	-	27.641.100	22.967.302
Hotel Food and Beverage Services	2.027	35	3.685	-	-	-	6.639.928	2.023.079
Transportation and Telecommunication	4.047	539	112.907	-	-	-	34.325.042	3.227.959
Financial Institutions	49.098.894	-	11.454	-	-	58.948.210	8.973.732	171.164
Real Estate and Leasing Services	142.733	2.955	3.017	-	-	7.792.986	23.378.226	2.897.592
Self Employment Services	-	-	-	-	-	-	-	-
Education Services	128.764	-	16.152	-	-	-	555.842	329.224
Health and Social Services	4.505	330	15.849	-	-	-	619.117	548.253
Other	88.293.574	648.494	222.381	-	-	14.494.797	4.376.926	106.536.352
Total	**137.742.309**	**654.113**	**581.975**	**-**	**-**	**81.235.993**	**253.982.494**	**162.721.407**

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

	Risk Classes											
	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securi-ties collate-ralised by mort gages	Securiti-sation posi-tions	Short-term from banks, brokerage houses and corporatse	Investments similar to collective investment funds	Investments in Equity Instruments	Other receivables	TL	FC	Total
Sectors/Counter Parties												
Agriculture	1.106.346	95.849	7.046	-	-	-	-	-	42.491	282.940	9.824.362	10.107.302
Farming and Stockbreeding	1.062.074	89.660	6.612	-	-	-	-	-	41.877	252.272	9.196.976	9.449.248
Forestry	27.145	2.768	345	-	-	-	-	-	477	11.236	282.324	293.560
Fishing	17.127	3.421	89	-	-	-	-	-	137	19.432	345.062	364.494
Manufacturing	2.752.266	538.875	157.395	-	-	-	-	-	7.278	69.510.688	55.491.032	125.001.720
Mining and Quarrying	37.818	4.755	648	-	-	-	-	-	95	4.492.104	1.322.695	5.814.799
Production	2.692.466	432.079	156.542	-	-	-	-	-	7.051	42.740.623	47.288.828	90.029.451
Electric, Gas and Water	21.982	102.041	205	-	-	-	-	-	132	22.277.961	6.879.509	29.157.470
Construction	1.396.361	587.628	946.980	-	-	-	236.607	-	25.850	19.579.872	24.958.945	44.538.817
Services	6.950.568	1.162.540	1.397.353	-	-	-	4.346.294	153.641	53.955	126.354.608	138.308.643	264.663.251
Wholesale and Retail Trade	4.019.577	629.278	117.401	-	-	-	-	-	35.697	9.652.478	45.770.128	55.422.606
Hotel Food and Beverage Services	1.131.387	180.176	16.497	-	-	-	-	-	6.663	6.551.507	3.451.970	10.003.477
Transportation and Telecommunication	652.408	33.426	10.533	-	-	-	-	-	6.885	15.800.489	22.573.257	38.373.746
Financial Institutions	3.623	52	1.178.041	-	-	-	4.024.426	153.641	158	71.446.100	51.117.295	122.563.395
Real Estate and Leasing Services	826.622	303.363	14.699	-	-	-	321.868	-	4.058	22.426.857	13.261.262	35.688.119
Self Employment Services	-	-	-	-	-	-	-	-	-	-	-	-
Education Services	132.411	8.703	59.229	-	-	-	-	-	165	381.699	848.791	1.230.490
Health and Social Services	184.540	7.542	953	-	-	-	-	-	329	95.478	1.285.940	1.381.418
Other	56.507.002	1.506.697	1.649.446	-	-	-	-	-	26.997.828	60.028.025	241.205.472	301.233.497
Total	**68.712.543**	**3.891.589**	**4.158.220**	**-**	**-**	**-**	**4.582.901**	**153.641**	**27.127.402**	**275.756.133**	**469.788.454**	**745.544.587**

	Risk Classes							
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables
Sectors/Counter Parties								
Agriculture	119	473	11.578	-	-	-	3.121.694	5.123.165
Farming and Stockbreeding	37	473	11.578	-	-	-	2.376.041	4.730.831
Forestry	82	-	-	-	-	-	538.135	170.433
Fishing	-	-	-	-	-	-	207.518	221.901
Manufacturing	74.812	6.082	31.472	-	-	-	100.315.586	9.095.844
Mining and Quarrying	-	-	-	-	-	-	5.110.036	161.125
Production	74.806	19	2.115	-	-	-	68.941.250	8.839.853
Electric, Gas and Water	6	6.063	29.357	-	-	-	26.264.300	94.866
Construction	-	-	58.284	-	-	-	49.455.899	4.688.200
Services	40.073.793	2.927	302.575	-	-	54.462.538	79.329.844	27.255.605
Wholesale and Retail Trade	18	1.435	6.357	-	-	-	23.069.403	19.717.803
Hotel Food and Beverage Services	302	13	1.237	-	-	-	4.765.048	1.602.016
Transportation and Telecom.	4.786	249	152.113	-	-	-	15.625.958	2.733.835
Financial Institutions	39.828.794	-	16.951	-	-	49.011.495	11.828.099	14.050
Real Estate and Leasing Services	138.682	248	792	-	-	5.451.043	23.074.862	2.455.183
Self Employment Services	-	-	-	-	-	-	-	261
Education Services	100.492	-	115.705	-	-	-	376.173	263.689
Health and Social Services	719	982	9.420	-	-	-	590.301	468.768
Other	63.573.210	674.418	131.096	-	-	5	2.651.716	88.362.280
Total	**103.721.934**	**683.900**	**535.005**	**-**	**-**	**54.462.543**	**234.874.739**	**134.525.094**

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	Risk Classes											
	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securiti-sation posi-tions	Short-term from banks, brokerage houses and corporatse	Investments similar to collective investment funds	Investments in Equity Instru-ments	Other receivables	TL	FC	Total
Sectors/Counter Parties												
Agriculture	975.339	87.725	16.504	-	-	-	-	-	328.546	8.710.157	954.986	9.665.143
Farming and Stockbreeding	937.276	83.914	16.266	-	-	-	-	-	327.429	8.149.536	334.309	8.483.845
Forestry	18.775	2.409	43	-	-	-	-	-	930	251.299	479.508	730.807
Fishing	19.288	1.402	195	-	-	-	-	-	187	309.322	141.169	450.491
Manufacturing	1.735.010	380.891	220.417	-	-	-	-	-	171.547	39.699.621	72.332.040	112.031.661
Mining and Quarrying	24.312	4.515	485	-	-	-	-	-	79	902.499	4.398.053	5.300.552
Production	1.690.739	373.774	20.115	-	-	-	-	-	171.327	33.095.196	47.018.802	80.113.998
Electric, Gas and Water	19.959	2.602	199.817	-	-	-	-	-	141	5.701.926	20.915.185	26.617.111
Construction	1.386.611	183.196	290.794	-	-	-	166.360	-	27.021	19.100.258	37.156.107	56.256.365
Services	5.297.109	590.941	1.253.641	-	-	-	3.214.550	143.006	93.421	87.437.600	124.582.350	212.019.950
Wholesale and Retail Trade	2.935.788	383.934	28.163	-	-	-	-	-	60.818	35.046.120	11.157.599	46.203.719
Hotel Food and Beverage Services	796.019	41.885	154.028	-	-	-	-	-	6.717	2.636.566	4.730.699	7.367.265
Transportation and Telecom.	513.701	25.225	4.333	-	-	-	-	-	20.172	4.495.195	14.585.177	19.080.372
Financial Institutions	2.430	41	1.002.368	-	-	-	2.889.876	143.006	754	28.773.187	75.964.677	104.737.864
Real Estate and Leasing Services	849.168	131.275	63.276	-	-	-	324.674	-	4.496	14.713.414	17.780.285	32.493.699
Self Employment Services	-	-	-	-	-	-	-	-	-	-	261	261
Education Services	80.587	5.926	170	-	-	-	-	-	194	670.889	272.047	942.936
Health and Social Services	119.416	2.655	1.303	-	-	-	-	-	270	1.102.229	91.605	1.193.834
Other	45.460.640	631.806	1.751.282	-	-	-	-	-	19.766.527	165.717.886	57.285.094	223.002.980
Total	**54.854.709**	**1.874.559**	**3.532.638**	**-**	**-**	**-**	**3.380.910**	**143.006**	**20.387.062**	**320.665.522**	**292.310.577**	**612.976.099**

4. Analysis of maturity-bearing exposures according to remaining maturities

Current Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications:					
Conditional and unconditional exposures to central governments or central banks	5.499.256	691.240	5.242.281	6.095.258	120.214.274
Conditional and unconditional exposures to regional governments or local authorities	5.015	965	16.993	79.697	551.443
Conditional and unconditional receivables from administrative units and non-commercial enterprises	8.138	4.752	1.555	60.848	506.682
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	54.333.299	6.598.017	972.735	1.277.718	18.054.224
Conditional and unconditional exposures to corporates	3.876.842	12.376.234	8.149.123	42.226.013	187.354.282
Conditional and unconditional retail exposures	4.640.466	5.058.020	7.962.738	33.582.880	111.477.303
Conditional and unconditional exposures secured by real estate property	154.963	412.416	737.342	4.882.727	62.525.095
Past due receivables	3.025.437	9	1	21	866.121
Receivables defined in high risk category by BRSA	1.105.340	33.328	2.911	127.587	2.889.054
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	166.213	-	10.287	1.017.244	3.389.157
Investments in Equity Instruments	-	-	-	-	153.641
Grand Total	**72.814.969**	**25.174.981**	**23.095.966**	**89.349.993**	**507.981.276**

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

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Prior Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications:					
Conditional and unconditional exposures to central governments or central banks	3.190.166	120.489	2.228.434	3.748.742	94.434.103
Conditional and unconditional exposures to regional governments or local authorities	5.070	18	2.617	25.849	650.346
Conditional and unconditional receivables from administrative units and non-commercial enterprises	12.811	2.095	5.806	28.983	485.310
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	30.174.656	6.551.867	2.297.515	1.563.082	13.875.423
Conditional and unconditional exposures to corporates	1.786.591	6.461.933	2.666.726	41.111.641	182.847.848
Conditional and unconditional retail exposures	1.377.471	447.792	884.219	27.159.217	104.656.395
Conditional and unconditional exposures secured by real estate property	9.178	27.356	22.577	3.344.315	51.451.283
Past due receivables	1.699.780	376	34	191	174.178
Receivables defined in high risk category by BRSA	890.827	100.681	1.234	28.363	2.511.533
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	92.134	-	-	331.624	2.957.152
Investments in Equity Instruments	-	-	-	-	143.006
Grand Total	**39.238.684**	**13.712.607**	**8.109.162**	**77.342.007**	**454.186.577**

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

For the foreign banks, the ratings of the Fitch Ratings International Rating Agency is used for determining the risk weights for the risk classes by using a rating grade from the risk classes specified in Article 6 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks. While the international rating score is taken into consideration for the entire risk class receivables from central governments or central banks, the ratings of the Islamic International Rating Agency (IIRA) are used. The country risk classification published by the Organization for Economic Cooperation and Development (OECD) is taken as basis for unclassified central government and central banks. The counterparties residing domestically are accepted as "Gradeless" and take the risk weight which is appropriate for the "Gradeless" category in the related risk class.

In order to determine the risk weight of regarding items that export or issuer rating not included to purchase/sale accounts is firstly considered to export rating, and also issuer's credit rating is considered in the absence of export rating.

Fitch Rating's and the Islamic International Rating Agency's (IIRA) risk ratings as per the credit quality grades and the risk weights according to exposure categories are presented below:

Credit Quality Grade	Fitch Ratings Long Term Credit Rating	Exposure to Banks and Brokerage Houses: Exposures with Original Maturities Less Than 3 Months	Exposure to Banks and Brokerage Houses: Exposures with Original Maturities More Than 3 Months
1	AAA to AA-	20%	20%
2	A+ to A-	20%	50%
3	BBB+ to BBB-	20%	50%
4	BB+ to BB-	50%	100%
5	B+ to B-	50%	100%
6	CCC+ and below	150%	150%

Credit Quality Grade	IIRA Long Term Credit Rating	Receivables from the Central Governments and the Central Banks
1	AAA to AA-	0%
2	A+ to A-	20%
3	BBB+ to BBB-	50%
4	BB+ to BB-	100%
5	B+ to B-	100%
6	CCC+ and below	150%

5. Exposures by risk weights:

Current Period

	Risk Weights	0%	2%(*)	10%	20%	35%	50%	75%	100%	150%	200%	1250%	Deductions from Equity
1	Exposures before Credit Risk Mitigation	115.251.893	2.870.742	-	53.092.597	-	64.707.337	228.174.513	277.289.285	4.158.220	-	-	860.612
2	Exposures after Credit Risk Mitigation	181.407.166	2.870.742	-	18.797.916	59.380.353	90.607.108	143.125.212	245.259.213	4.096.877	-	-	860.612

Prepared with the numbers after conversion rate to credit

(*) In accordance with the Regulation on Measurement and Evaluation of Banks' Capital Adequacy risk weights of 2% and 4% have been added to the Calculation of the Capital Liability for Risks Arising from Central Counterparties as of the current period.

Prior Period

	Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	1250%	Deductions from Equity
1	Exposures before Credit Risk Mitigation	99.274.675	-	27.787.143	-	45.423.242	186.888.665	250.069.736	3.532.638	-	-	650.898
2	Exposures after Credit Risk Mitigation	144.280.532	-	12.418.620	47.341.458	64.421.116	117.153.495	223.900.938	3.459.940	-	-	650.898

Prepared with the numbers after conversion rate to credit.

6. Information in terms of major sectors and type of counterparties:

Impaired Credits

Impaired credits are the credits that were deemed to be impaired because of the credibility or delaying more than 90 days as of the end of the reporting period. For these credits "TFRS 9 expected loss provisions for the loans for the stage 3" calculation is made within the scope of Regulation on Provisions.

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Past Due Credits

Past due credits are the credits whose maturity delayed up to 90 days as of the end of the reporting period but not incurred to impairment. For these credits "TFRS 9 expected loss provisions (Stage 2)" calculation is made within the scope of Regulation for Provisions.

Current Period	Loans		Provisions
	Impaired (TFRS 9)		
	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	Provisions for Expected Credit Loss (TFRS)
Agriculture	**3.559.419**	**1.794.874**	**1.124.743**
Farming and Stockbreeding	3.544.746	1.777.009	1.110.868
Forestry	6.355	9.164	6.541
Fishery	8.318	8.701	7.334
Manufacturing	**6.782.967**	**2.292.927**	**2.034.158**
Mining and Quarrying	16.166	26.150	21.417
Production	4.798.794	2.018.110	1.532.782
Electricity, Gas and Water	1.968.007	248.667	479.959
Construction	**2.513.988**	**2.503.451**	**1.658.543**
Services	**14.426.664**	**4.670.634**	**5.733.693**
Wholesale and Retail Trade	1.982.114	2.663.794	1.994.007
Accommodation and Dining	798.235	354.691	218.968
Transportation and Telecom.	9.166.107	140.008	2.407.253
Financial Institutions	8.063	5.870	4.409
Real Estate and Rental Services	2.136.079	1.369.009	1.064.322
Professional Services	-	-	-
Educational Services	37.151	108.723	24.518
Health and Social Services	298.915	28.539	20.216
Other	**2.549.934**	**1.428.601**	**1.110.591**
Total	**29.832.972**	**12.690.487**	**11.661.728**

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

Prior Period	Loans		Provisions
	Impaired (TFRS 9)		
	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	Provisions for Expected Credit Loss (TFRS)
Agriculture	**2.269.454**	**1.231.300**	**689.259**
Farming and Stockbreeding	2.255.362	1.218.312	678.631
Forestry	4.544	6.497	4.409
Fishery	9.548	6.491	6.219
Manufacturing	**1.256.901**	**1.495.860**	**1.114.679**
Mining and Quarrying	6.820	21.034	16.512
Production	980.736	1.454.341	1.054.662
Electricity, Gas and Water	269.345	20.485	43.505
Construction	**2.301.174**	**607.996**	**459.787**
Services	**10.547.173**	**2.971.634**	**4.352.424**
Wholesale and Retail Trade	1.626.669	1.819.071	1.479.131
Accommodation and Dining	458.281	128.510	105.366
Transportation and Telecom.	7.440.608	90.628	1.965.041
Financial Institutions	5.012	4.271	3.012
Real Estate and Rental Services	749.270	893.236	771.106
Professional Services	-	-	-
Educational Services	34.470	21.500	16.098
Health and Social Services	232.863	14.418	12.670
Other	**1.833.155**	**1.152.959**	**912.937**
Total	**18.207.857**	**7.459.749**	**7.529.086**

7. Information about Value Adjustment and Change in Provisions

	Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Specific Provisions (Stage 3)	5.347.819	3.754.840	(838.615)	-	8.264.044
2	General Provisions (Stage 1 and 2)	3.036.763	1.714.642	(7.197)	-	4.744.208

	Prior Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Specific Provisions	3.567.189	2.061.271	(280.641)	-	5.347.819
2	General Provisions	643.857	2.410.933	(18.027)	-	3.036.763

8. Risks Included Capital Capacity Buffer Calculations

Current Period

Country	Banking Accounts RWA	Trading Accounts RWA	TOTAL
USA	2.151.433	375.131	2.526.564
Bosnia and Herzegovina	1.426.672	-	1.426.672
Turkish Republic of Northern Cyprus	859.047	-	859.047
Azerbaijan	425.598	-	425.598
Germany	405.937	-	405.937
Kosovo	299.749	65.378	365.127
Bulgaria	224.394	-	224.394
Uzbekistan	211.932	-	211.932
France	145.599	-	145.599
Iraq	23.948	104.756	128.704
Other	1.037.762	-	1.037.762

Prior Period

Country	Banking Accounts RWA	Trading Accounts RWA	TOTAL
Bosnia and Herzegovina	1.401.445	-	1.401.445
USA	1.078.371	226.040	1.304.411
Turkish Republic of Northern Cyprus	591.347	-	591.347
Germany	484.989	-	484.989
Azerbaijan	389.808	-	389.808
Uzbekistan	270.123	-	270.123
Kosovo	202.039	61.656	263.695
Switzerland	159.287	-	159.287
Saudi Arabia	153.203	2.444	155.647
Lebanon	118.708	-	118.708
Other	1.021.197	-	1.021.197

III. 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, Value at Risk (VAR) is calculated for daily foreign exchange position and reported to the related departments. VAR based currency risk limit approved by the Board of Directors is also monitored on daily basis.

Additionally, dealer's position and operational limits for foreign exchange transactions are under the authorization of the Board of Directors.

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

None.

3. Management Policy for Foreign Currency Risk

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

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

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
24.12.2019	5,8898	6,5270	4,0751	0,8737	0,6243	6,0038	4,4769	0,6594	7,6296	1,5698	5,3837
25.12.2019	5,8806	6,5257	4,0688	0,8736	0,6270	5,9951	4,4668	0,6573	7,5989	1,5673	5,3567
26.12.2019	5,8779	6,5197	4,0757	0,8727	0,6230	5,9936	4,4757	0,6607	7,6354	1,5667	5,3625
27.12.2019	5,8987	6,5841	4,1102	0,8817	0,6319	6,0487	4,5069	0,6682	7,7278	1,5722	5,3899
30.12.2019	5,8841	6,5925	4,1159	0,8828	0,6307	6,0736	4,5006	0,6695	7,7334	1,5687	5,4072
31.12.2019	5,8870	6,6047	4,1333	0,8842	0,6319	6,0905	4,5288	0,6709	7,7797	1,5695	5,4208

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
5,8002	6,4437	3,9930	0,8626	0,6155	5,9007	4,4025	0,6434	7,6013	1,5465	5,3132

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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	22.846.355	18.651.759	7.863.131	49.361.245
Banks	680.765	2.341.616	1.701.028	4.723.409
Financial Assets at Fair Value Through Profit and Loss	-	7.310	-	7.310
Receivables from Money Markets	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	7.776.245	28.314.204	91.541	36.181.990
Loans (2)	45.698.577	72.832.201	168.895	118.699.673
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures)(4)	2.054.859	1.202.256	-	3.257.115
Financial Assets Measured at Amortised Cost	9.538.589	3.530.039	892	13.069.520
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	9.331	543	6.506	16.380
Intangible Assets	3.826	-	9.087	12.913
Other Assets (6)	440.095	825.315	47.717	1.313.127
Total Assets (5) (7)	**89.048.642**	**127.705.243**	**9.888.797**	**226.642.682**
Liabilities				
Interbank Deposits	12.174.520	4.144.935	155.564	16.475.019
Foreign Currency Deposits	97.628.372	72.541.137	19.574.897	189.744.406
Money Market Borrowings	-	20.473.527	-	20.473.527
Funds Provided from Other Financial Institutions	9.184.172	20.881.393	510	30.066.075
Issued Marketable Securities (8)	9.565.957	9.683.463	143.303	19.392.723
Sundry Creditors	2.092.966	315.425	19.935	2.428.326
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	522.008	469.569	216.347	1.207.924
Total Liabilities (5)	**131.167.995**	**128.509.449**	**20.110.556**	**279.788.000**
Net Balance Sheet Position	**(42.119.353)**	**(804.206)**	**(10.221.759)**	**(53.145.318)**
Net Off-Balance Sheet Position (3)	**44.304.336**	**(12.237.928)**	**9.701.530**	**41.767.938**
Financial Derivative Assets	50.670.614	62.729.032	10.593.739	123.993.385
Financial Derivative Liabilities	6.366.278	74.966.960	892.209	82.225.447
Non-Cash Loans	**32.279.847**	**41.797.633**	**6.626.573**	**80.704.053**
Prior Period				
Total Assets	73.766.906	115.716.715	11.073.455	200.557.076
Total Liabilities	101.589.478	105.578.028	12.878.695	220.046.201
Net Balance Sheet Position	**(27.822.572)**	**10.138.687**	**(1.805.240)**	**(19.489.125)**
Net Off-Balance Sheet Position (3)	**29.335.754**	**(12.368.708)**	**1.940.459**	**18.907.505**
Financial Derivative Assets	33.782.256	31.635.082	3.647.503	69.064.841
Financial Derivative Liabilities	4.446.502	44.003.790	1.707.044	50.157.336
Non-Cash Loans	**33.562.849**	**43.102.010**	**6.372.730**	**83.037.589**

(1) The foreign currencies presented in the other FC column of assets 89,91% is Gold 2,34% is GBP, 2,65% is SAR, 1,11% is IQD, and the remaining 3,99% is other foreign currencies. The foreign currencies presented in the other FC column of liabilities, 77,67% is Gold, 11,07% is GBP, 4,94% is CHF, 1,79% is DKK, 1,38% is SAR and the remaining 3,15% 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 108.045 equivalent of USD, and TL 74.099 equivalent of EUR loans are originated as foreign currency indexed loans (31 December 2018: TL 391.257 equivalent of USD, and TL 228.942 equivalent of EUR).

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

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

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

(6) Prepaid expenses in other assets amounting to TL 3.640 are not included in the table.

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

(8) Includes subordinated debt instruments.

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IV. 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	29.153.534	-	-	-	-	23.053.613	52.207.147
Banks	457.130	-	61.906	-	-	4.334.021	4.853.057
Financial Assets at Fair Value Through Profit and Loss	26.018	61.107	965.783	837.851	7.126	-	1.897.885
Receivables from Money Markets	328.596	-	-	-	-	-	328.596
Financial Assets at Fair Value Through Other Comprehensive Income	16.151.890	10.418.649	27.788.033	25.045.470	30.716.396	766.279	110.886.717
Loans Given [3]	134.348.424	32.041.250	84.875.895	146.483.937	32.798.550	4.426.443	434.974.499
Financial Assets Measured at Amortised Cost	2.460.269	84.298	710.377	10.570.596	3.722.174	-	17.547.714
Other Assets [2]	1.092.860	1.331.551	399.731	51.871	12.881	24.171.682	27.060.576
Total Assets [1] [5]	**184.018.721**	**43.936.855**	**114.801.725**	**182.989.725**	**67.257.127**	**56.752.038**	**649.756.191**
Liabilities							
Interbank Deposits	20.677.298	6.868.724	405.635	-	-	3.528.208	31.479.865
Other Deposits	181.302.372	67.626.548	44.984.490	1.369.474	869	120.487.355	415.771.108
Money Market Borrowings	45.101.031	2.948.343	541.873	684.163	-	-	49.275.410
Sundry Creditors	-	-	-	-	-	7.490.147	7.490.147
Issued Marketable Securities [6]	54.957	2.591.278	371.294	19.654.454	-	-	22.671.983
Funds Provided from Other Financial Institutions	6.333.174	6.012.324	15.563.009	5.937.602	682.381	-	34.528.490
Other Liabilities [4]	1.628.007	147.377	422.109	921.942	5.227.647	80.192.106	88.539.188
Total Liabilities [1]	**255.096.839**	**86.194.594**	**62.288.410**	**28.567.635**	**5.910.897**	**211.697.816**	**649.756.191**
Balance Sheet Long Position	**-**	**-**	**52.513.315**	**154.422.090**	**61.346.230**	**-**	**268.281.635**
Balance Sheet Short Position	**(71.078.118)**	**(42.257.739)**	**-**	**-**	**-**	**(154.945.778)**	**(268.281.635)**
Off-Balance Sheet Long Position	-	-	-	6	-	-	6
Off-Balance Sheet Short Position	(150.673)	(36.895)	(88.465)	-	-	-	(276.033)
Total Position	**(71.228.791)**	**(42.294.634)**	**52.424.850**	**154.422.096**	**61.346.230**	**(154.945.778)**	**(276.027)**

[1] Balances without fixed maturity are shown in the "Non-Interest Bearing" columns.
[2] Deferred tax asset is shown under the "Non-Interest Bearing " column.
[3] Net balance of loans under follow-up is shown under the "Non-Interest Bearing" column in loans given.
[4] Total shareholders' equity is shown under the "Non-Interest Bearing" column.
[5] Allowance for expected losses for financial assets and other assets are reflected in the related items.
[6] Includes subordinated debt instruments.

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

[1] Balances without fixed maturity are shown in the "Non-Interest Bearing" columns.
[2] Deferred tax asset is shown under the "Non-Interest Bearing" column.
[3] Net balance of loans under follow-up is shown under the "Non-Interest Bearing" column in loans given.
[4] Total shareholders' equity is shown under the "Non-Interest Bearing" column.
[5] Allowance for expected losses for financial assets and other assets are reflected in the related items.

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

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

[1] The rate on TL column denotes the interest rates applied for required reserve at CBRT.
[2] Credit card 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] Foreign branches are excluded.

	EUR	USD	JPY	TL
Prior Period [3]				
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	0,52	2,32	-	23,33
Other Deposits	1,68	3,31	-	19,05
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 rate on TL column denotes the interest rates applied for required reserve at CBRT.
[2] Credit card loans balances are not included.
[3] Foreign branches are excluded.

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V. 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

	Comparison		
Investments in Equity Instruments - Current Period	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	-	-	-
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	-	-	-
Traded on Stock Exchange	-	-	-
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other [*]	153.641	153.641	-

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

	Comparison		
Investments in Equity Instruments - Prior Period	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 Comminiqué regarding Credit Risk Standard Method or the Calculation of Counterparty Credit Risk based upon İnterior Rating Approaches

The investments in equity instruments, partaking in banking accounts according to the credit risk standard method, are amounted TL 153.641 and 100% of them are risk weighted (31 December 2018: TL 143.006 and 100% of them are risk weighted).

VI. 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. Core Deposit Analysis are carried out on a daily basis for determining the stable part of the depoists which is the most crucial funding source of the Bank. Besides, in order to compare the Bank's level of liquidity risk with the banking sector, average remaining maturity balances of banking sector maturity structure and legal liquidity rates are monitored.

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

1. Liquidity Risk

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

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

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

Continuously the information exchange is actualized about the liquidity need and surpluses between the Bank and its subsidiaries, the necessary guidance and procuders are moderated by Treasury Management Group in order to manage liquidity need and surplus in effective way.

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

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

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, for other currencies, daily and long-term cash flows are monitored and future projections are made for effective liquidity management purposes.

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

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

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

Explanation regarding the usage of the stress test

In the presence of unexpected negative circumstances, periodical stress tests being done in order to test the endurance of the bank. These actions have been shared with Bank management and all related Departments 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 regulatory ratios and the liquidity need in short and long term as part of budget practices.

General information on liquidity urgent and unexpected situation plan

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

2. Liquidity Coverage Ratio

Within the framework of "Regulation on Calculation of Liquidity Covered Rate of Banks" published in the Official Gazette dated 21 March 2014 and numbered 28948 by the BRSA, the Bank calculates the liquidity coverage ratio and transmits unconsolidated on weekly and consolidated on montly basis to the BRSA. Within the last 3 months the unconsolidated lowest ratios are as follows: For FC 433,12% in the week of 29 November 2019; and for the total 122,43% in the week of 29 November 2019. The highest ratios that took place were for FC as 544,10% in the week of 25 October 2019 and for the total as 143,69% in the week of 20 December 2019 (31 December 2018: Within the last 3 months the unconsolidated lowest ratios are as follows: 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 that took place were; 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) (*)	
Current Period	**TL+FC**	**FC**	**TL+FC**	**FC**
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			100.902.069	53.873.101
CASH OUTFLOWS				
Retail and Small Business Customers, of which;	286.874.819	136.857.531	24.294.672	13.685.753
Stable deposits	87.856.203	-	4.392.810	-
Less stable deposits	199.018.616	136.857.531	19.901.862	13.685.753
Unsecured wholesale funding, of which;	125.584.130	49.613.462	65.330.544	26.539.540
Operational deposit	7.266.139	241.478	1.816.535	60.370
Non-operational deposits	101.558.203	43.391.817	49.995.269	20.555.490
Other unsecured funding	16.759.788	5.980.167	13.518.740	5.923.680
Secured funding			-	-
Other cash outflows, of which;	61.201.674	5.881.985	6.845.440	1.921.423
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.130.153	418.050	2.130.153	418.050
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	59.071.521	5.463.935	4.715.287	1.503.373
Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	45.422.930	29.331.892	2.505.052	1.466.595
TOTAL CASH OUTFLOWS			**98.975.708**	**43.613.311**
CASH INFLOWS				
Secured lending	-	-	-	-
Unsecured lending	35.980.668	16.292.731	22.310.874	11.441.687
Other cash inflows	1.251.600	43.658.702	1.251.600	43.658.702
Total Cash Inflows	**37.232.268**	**59.951.433**	**23.562.474**	**55.100.389**
			Upper Limit Applied Amounts	
TOTAL HQLA STOCK			**100.902.069**	**53.873.101**
TOTAL NET CASH OUTFLOWS			**75.413.234**	**10.903.328**
LIQUIDITY COVERAGE RATIO (%)			**133,80**	**494,10**

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

	Total Unweighted Value (Average)(*)		Total Weighted Value (Average) (*)	
Prior Period	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.

3. Minimum Statements Concerning Liquidity Coverage Ratio by Banks

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

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

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

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Bonds and bills in the securities portfolio are being used in repo transactions as collateral. Since the securities used in repo transactions transform to encumbured securities, they impact the liquidiy coverage ratio depending on being or not being used as colateral in repo transactions.

The Content of High quality liquid assets

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

The content of funds and their share in the total liablities and funding

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

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

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

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

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

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

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

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

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

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed [1]	Total
Current Period								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	23.053.613	29.153.534	-	-	-	-	-	52.207.147
Banks	4.334.021	457.130	-	61.906	-	-	-	4.853.057
Financial Assets at Fair Value Through Profit and Loss	-	2.711	59.230	964.823	863.995	7.126	-	1.897.885
Money Market Placements	-	328.596	-	-	-	-	-	328.596
Financial Assets at Fair Value Through Other Comprehensive Income	-	4.318.871	3.370.109	14.738.630	43.413.187	44.515.781	530.139	110.886.717
Loans Given	-	22.018.960	30.229.639	159.821.661	179.151.774	39.326.022	4.426.443	434.974.499
Investments Held-to-Maturity	-	203.143	84.298	710.377	12.827.723	3.722.173	-	17.547.714
Other Assets	3.589.158	1.092.860	1.331.551	401.414	51.871	12.881	20.580.841	27.060.576
Total Assets [2]	**30.976.792**	**57.575.805**	**35.074.827**	**176.698.811**	**236.308.550**	**87.583.983**	**25.537.423**	**649.756.191**
Liabilities								
Interbank Deposits	3.528.208	20.677.298	6.868.724	405.635	-	-	-	31.479.865
Other Deposits	120.487.355	181.212.525	67.151.700	45.380.395	1.535.725	3.408	-	415.771.108
Funds Provided from Other Financial Institutions	-	4.170.768	2.308.929	14.165.293	10.442.436	3.441.064	-	34.528.490
Money Market Borrowings	-	45.101.031	2.948.343	541.873	684.163	-	-	49.275.410
Issued Marketable Securities [3]	-	54.957	1.841.279	1.121.293	19.654.454	-	-	22.671.983
Sundry Creditors	3.330.150	4.159.997	-	-	-	-	-	7.490.147
Other Liabilities	4.299.648	2.392.164	1.103.807	422.109	921.942	6.891.682	72.507.836	88.539.188
Total Liabilities	**131.645.361**	**257.768.740**	**82.222.782**	**62.036.598**	**33.238.720**	**10.336.154**	**72.507.836**	**649.756.191**
Liquidity Gap	**(100.668.569)**	**(200.192.935)**	**(47.147.955)**	**114.662.213**	**203.069.830**	**77.247.829**	**(46.970.413)**	**-**
Net Off-Balance Sheet Position	**-**	**143.676**	**(34.663)**	**(88.465)**	**670.218**	**18.825**	**-**	**709.591**
Financial Derivative Assets	-	71.356.363	24.683.220	6.719.809	1.357.756	735.875	-	104.853.023
Financial Derivative Liabilities	-	71.212.687	24.717.883	6.808.274	687.538	717.050	-	104.143.432
Non-cash Loans	**40.586.579**	**5.911.961**	**10.856.336**	**33.280.829**	**24.150.009**	**5.038.899**	**-**	**119.824.613**
Prior Period								
Total Assets	26.125.999	45.721.115	29.345.015	159.611.206	182.489.773	67.483.919	26.379.100	537.156.127
Total Liabilities	103.356.149	226.959.960	58.859.426	56.561.260	22.626.248	9.563.335	59.229.749	537.156.127
Liquidity Gap	**(77.230.150)**	**(181.238.845)**	**(29.514.411)**	**103.049.946**	**159.863.525**	**57.920.584**	**(32.850.649)**	**-**
Net Off-Balance Sheet Position	**-**	**(296.539)**	**(910.708)**	**239.414**	**672.964**	**-**	**-**	**(294.869)**
Financial Derivative Assets	-	35.631.390	15.398.589	3.000.559	1.793.273	-	-	55.823.811
Financial Derivative Liabilities	-	35.927.929	16.309.297	2.761.145	1.120.309	-	-	56.118.680
Non-cash Loans	**43.512.657**	**4.219.665**	**9.073.114**	**34.559.942**	**25.159.538**	**4.660.104**	**-**	**121.185.020**

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

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

(3) Includes subordinated debt instruments.

5. Presentation of Liabilities According to Their Remaining Maturities

Current Period (*)	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Bank deposits	24.137.299	6.879.174	413.777	-	-	31.430.250
Other deposits	302.337.933	67.804.923	46.563.977	1.620.673	6.647	418.334.153
Funds borrowed from other financial institutions	4.213.922	2.388.022	14.860.333	11.891.442	5.020.989	38.374.708
Funds borrowed from Interbank money market	45.129.762	2.967.187	543.789	684.233	-	49.324.971
Total	**375.818.916**	**80.039.306**	**62.381.876**	**14.196.348**	**5.027.636**	**537.464.082**
Prior Period (*)						
Bank deposits	19.957.561	5.318.867	451.020	-	-	25.727.448
Other deposits	221.439.526	45.700.799	40.067.717	1.277.614	120.190	308.605.846
Funds borrowed from other financial institutions	4.264.500	3.298.313	12.655.495	12.825.612	4.837.708	37.881.628
Funds borrowed from Interbank money market	64.287.562	2.690.943	1.120.332	485.048	-	68.583.885
Total	**309.949.149**	**57.008.922**	**54.294.564**	**14.588.274**	**4.957.898**	**440.798.807**

(*) Amounts related with the fund balances are not included in the table since decomposition on the basis of their remaining maturities could not be performed.

VII. EXPLANATIONS ON LEVERAGE

1. Explanations on Issues that Cause Differences Between Leverage Ratios

The Bank's leverage calculated by force of the regulation "Regulation on Measurement and Assessment of Leverage Ratios of Banks" is 9,32% (31 December 2018: 7,82%). The increase on leverage results occur from the increase in Tier 1 capital amount. The regulation sentenced the minimum leverage as 3%.

Balance sheet assets	Current Period (*)	Prior Period (*)
On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	632.454.602	534.876.356
(Assets deducted in determining Tier 1 capital)	(2.509.960)	(7.765.288)
Total on-balance sheet risks (sum of lines 1 and 2)	629.944.642	527.111.068
Derivative financial instruments and credit derivatives		
Replacement cost associated with all derivative financial instruments and credit Derivatives	2.569.958	2.232.071
Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	1.625.888	633.593
Total risks of derivative financial instruments and credit derivatives	4.195.846	2.865.664
Securities or commodity financing transactions (SCFT)		
Risks from SCFT assets	8.795.288	5.074.003
Risks from brokerage activities related exposures	-	-
Total risks related with securities or commodity financing transactions	8.795.288	5.074.003
Other off-balance sheet transactions		
Gross notional amounts of off-balance sheet transactions	180.614.425	168.298.955
(Adjustments for conversion to credit equivalent amounts)	-	-
Total risks of off-balance sheet items	180.614.425	168.298.955
Capital and total risks		
Tier 1 capital	76.774.417	55.001.423
Total risks	823.550.201	703.349.690
Leverage ratio		
Leverage ratio %	9,32	7,82

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

VIII. 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.

1. Explanations on Risk Management and Risk Weighted Amount

1.1 Bank's Risk Management Approach

How the business model determines the Bank's risk profile; how it interacts with it (e.g. key risks related to the business model and how each of these risks is reflected on explanations); and how the Bank's risk profile interacts with the risk appetite approved by the board of directors

While risk appetite determines the Bank's risk level, risk capacity determines its risk appetite and, therefore, risk profile. Local and international conjuncture is also considered to determine the risk level. Establishment of forward-looking strategies and policies is also considered in this regard. The Bank's risk level is restricted to the limits consistent with its risk appetite.

Risk limits are determined in accordance with the level of risks that may be assumed by the Bank, its activities, size and complexity of its products and services. The limits are revised and, if needed, updated regularly in line with the developments in market conditions, the Bank's strategy and risk appetite.

Critical thresholds (signal and limit values) indicating that limits are approached due to internal or external developments have been identified. In the event that these values are approached or exceeded, relevant units take required actions.

Parameters regarding signal and limit structure as well as limit values of parameters are determined in coordination with the relevant units and implemented upon approval of the Audit Commission and Board of Directors.

Signal and limit values based on risk weighted assets are monitored by the Bank's Risk Management Group Presidency regularly and actual values are reported periodically to the Bank's Top Management.

Risk management structure: Responsibilities distributed at the Bank (e.g. supervision and delegation of authority); segregation of duties by risk type, business unit, etc.; relations between structures included in risk management processes (e.g. board of directors, top management, separate risk committee, risk management unit, compliance and internal audit function)

The Bank's Top Management and relevant units perform their risk management duties, authorities and responsibilities in line with the relevant legal legislation and internal Bank regulations.

Structure of the Bank's risk management is consistent with the Regulation on Internal Systems and Internal Capital Adequacy Assessment Processes of Banks. Accordingly, internal system units consisting of the Inspection Board, Internal Control and Compliance Department and Risk Management Group Presidency report to the Audit Committee and Board of Directors through the executive vice president who is responsible for internal systems and operates separate from executive units.

Risk measurement and monitoring activities are conducted as part of risk management and the results are considered in strategic decision-making process by relevant units and bodies. Risk management operations are conducted in accordance with the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks, issued by the BRSA, within the scope of Regulation on Risk Management, Stress Test Program and the Bank's Internal Capital Adequacy Assessment Process ("ICAAP") approved by the Bank's Board of Directors.

Organizational structure of the Bank's Risk Management Department consists of credit risk management, market risk management, operational risk management and balance sheet risks management units. Duties of risk management:
- Ensuring identification, measurement, reporting, monitoring and control of risks exposed through policies, practices and limits established to monitor, control and revise, when necessary, the risk-return structure of the Bank's cash flows in the future, quality and level of its associated activities
- Conducting stress tests and scenario analyses
- Establishing and maintaining a system that will ensure determination of capital required to cover significant risks exposed or possible risks and assessment of capital adequacy/requirement level in line with the strategic goals
- Preparing ICAAP reports periodically.

ICAAP analyses and activities are validated by a team that reports to the Audit Committee independently from the team that develops and implements the methodology of such activities. The same team issues a Validation Report as well. Analyses and activities conducted within the process, including validation activities are reviewed by the Inspection Board Presidency and a Review Report is issued for the results.

Channels used for disseminating and implementing risk culture within the Bank (e.g. codes of conduct, manuals including operational limits or procedures to be performed when risk thresholds are exceeded, procedures for identifying and sharing risk issues between business units and risk units)

The Bank exercises maximum efforts to perceive both risks and returns accurately during its activities and maintain its perspective for disseminating risk culture across the Bank. Accordingly, goals, vision and strategic approaches are shared in large group meetings held by the Bank's Top Management with employees.

Signal and limit structure established based on risk weighted assets is one of the channels used to disseminate risk culture within the Bank. Parameters for signal and limit structure and limit values of parameters are determined by risk management by consulting the relevant units and approved by the Board of Directors.

It is ensured that risk signal and limit structure is forwarded to relevant units in the Bank and the structure is understood by the staff. Utilization levels for signal and risk parameters are reported submitted to the Top Management.

If limits are exceeded, the Bank's Top Management is notified. In such a case, matters such as risk mitigation, risk transfer or risk-averse, increasing collaterals and similar issues can be considered as part of required actions. If limits are exceeded, forward-looking strategies and policies of the Bank—including budget figures—can be reviewed or, where necessary, revised.

Another channel used to disseminate the risk culture is in the scope of ICAAP activities. It is essential to include assessment results for capital adequacy in the ICAAP Report covering all significant risks of the Bank. The report is prepared in coordination with risk management and with participation from other relevant units. Similarly, the Bank's budget goals for the upcoming years are also established with the participation of relevant units. The Bank's Top Management and relevant units conduct their ICAAP duties, authorities and responsibilities in line with the Bank regulations and relevant legal legislation.

Principal elements and scope of risk measurement systems

The Bank's risk measurement system functions in line with the best practices, legal regulations, fields of activity and product ranges in a consistent, reliable and integrated way. Regarding the inclusion of risk measurement results in decision-making processes, reports are elaborated with extensive explanations and assumptions to avoid any misinterpretation that may arise from errors and deficiencies.

Required activities are performed to engage in design, selection, implementation and pre-approval processes for risk measurement models; review accuracy, reliability and performance of models regularly through various methodologies and make required revisions accordingly; and report results of analyses conducted with such models.

The Bank's capital adequacy ratio is calculated in accordance with the Communiqué on Measurement and Assessment of Capital Adequacy of Banks, Communiqué on Credit Risk Mitigation Techniques and other relevant legal regulations.

Counter parties/operations related to the credit risk are separated on the basis of risk classes mentioned in Appendix-1 of the Communiqué on Measurement and Assessment of Capital Adequacy of Banks, and each of them is assigned by the weight of risk in line with the matters specified for relevant risk class. Then, they are subject to risk mitigation in accordance with the principles of Communiqué on Credit Risk Mitigation Techniques and weighted based on the risk weights.

After deduction of expected loss provisions for the loans for the stage 3 in accordance with Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves, non-cash loans and commitments are included in the calculation of credit-risk-weighted amount with loan conversion rates presented in article 5 of Communiqué on Measurement and Assessment of Capital Adequacy of Banks.

Trading accounts and the values deducted from the capital base in the shareholders' equity computation are excluded from calculation of credit risk-weighted assets.

Calculations regarding to the counter party credit risk are made for repurchase agreement and derivative transactions. These transactions are added to the calculations after applying the rates presented in the amendments of the Communiqué on Measurement and Assessment of Capital Adequacy of Banks and Communiqué on Credit Risk Mitigation Techniques.

Calculations regarding counter parties credit risks are made with the basic financial collateral method and extensive collateral method for banking accounts and trading accounts respectively.

The amount subject to the total market risk is calculated through the standard method. Furthermore, value at risk forecasts are made on a daily basis and backward testing is performed so as to measure performance of the model.

Liquidity Coverage Ratio and Liquidity Risk Analysis reports for the liquidity risk are prepared in accordance with the relevant regulations. Furthermore, stress test is performed to assess maturity mismatch between sources and uses, contractual maturities as well as behavioral maturities of assets and liabilities, the Bank's liquidity requirement in a worst case scenario and relevant damages that may be incurred based on scenario and sensitivity analysis activities.

Control of interest rate risk on banking accounts entails monitoring rate and maturity mismatch between sources and uses of fixed and variable interest rates, contractual maturities as well as behavioral maturities assets and liabilities and the effects of the usual and unusual changes in interest rates which is possibly uptrend and downtrend.

Explanations provided to the board of directors and top management on risk reporting processes, particularly scope and main contents of reporting

It is essential to inform the Top Management about developments and results of the analysis and activities conducted in order to achieve efficiency in risk management. Accordingly, a reporting system for informing Top Management is established and required measures are taken for healthy functioning of the system.

Informing process as part of reporting should be based on the most current data available on a periodical basis. Reports issued contain, at minimum, information on risk amount and development, legal capital requirement, legal ratios for liquidity and interest rate risks, stress test analysis results, effect of such results on capital adequacy level and ratios, realization level of risk limits and limitations, and assumptions of risk measurement method used.

As part of the reporting system, an information systems infrastructure is established for external reporting and required actions are taken to fulfill legal obligations fully in a timely manner in this regard.

Explanations on stress test (e.g. assets subject to stress test, scenarios applied, methodologies used and the use of stress test in risk management)

Stress test is intended to pre-assess the effect of negative developments in specified risk factors on amounts subject to risk and capital adequacy/requirement level.

Conducting the stress test periodically is essential, and test result must be included in internal reporting and considered in strategic decision-making process or capital management. Results of stress test analysis are considered while establishing risk management policies.

In stress test activities, shock is applied to risk factors determined (factors specific to debtor or transaction or macroeconomic variables such as exchange rate, price, interest and so on), and the effects of results on risk-weighted asset amount and capital adequacy ratio are identified. Accordingly, risk factors are identified first and then assumptions to be implemented are determined and possible losses in the future are estimated. Stress test activities include creating scenarios, which are unlikely, if not impossible, and which may affect the Bank's risk level significantly.

The results of stress test are subject to internal Bank reporting and ICAAP Report. The results of stress test may be used in processes to determine the Bank's risk appetite or risk limits and identify new and current business strategies as a planning instrument and their effect on capital utilization.

Analyses of credit risk based on internal and external risk factors, counter party credit risk, liquidity risk, interest rate risk, operational risk and market risk are conducted in the case of stress tests which are subject to internal reporting.

The Board of Directors is responsible for assessing the results of the Stress Test Program and taking actions based on the results. Accordingly, actions such as revision of risk appetite, strategy and risk limits or restriction of activities to specific sectors or portfolios can be taken.

The Bank's risk management, aversion and mitigation strategies and processes based on business model and monitoring processes for continuous efficiency of safeguards and mitigants

Amounts subject to credit risk can be mitigated by using one or more risk mitigation techniques in line with the legal regulations.

Funded or unfunded credit safeguard instruments are considered while using the risk mitigation technique. Whether credit safeguard instruments meet minimum compulsory conditions specified in legal regulations is checked via the system.

The Bank performs risk mitigation through simple financial method. Credibilities of guarantors are monitored and assessed in the scope of credit revision maturity.

All Bank employees are responsible for control and mitigation of operational risks based on their job definitions and business processes. All Bank units are obliged to take risk mitigation measures for mitigation of operational risks that may occur in their respective fields of activity through insurance and other risk transfer mechanisms.

The Bank's market risk is mitigated through derivatives or other financial products by considering current conjuncture and risk appetite, risk capacity and risk level. Long term liabilities are obtained and the interest rate risk arising from liquidity and banking accounts is limited through the transactions performed.

Diversification of fund is deemed important for managing the liquidity risk that may occur. While the Bank's main funding sources are deposits, the strategy of preserving the granular structure of deposits is sustained. Besides, in order to increase the diversification of funds and decrease the maturity gap between assets and liabilities, non deposit funds such as bond/bill issuances, repo transactions and funds borrowed are executed As for the asset side of the Bank, policies are pursued as part of measures to improve short term cash cycle and minimize maturity mismatch between assets and liabilities. As part of management of interest rate risk, measures are taken to reduce repricing maturity mismatch of interest sensitive assets and liabilities.

Overview of Risk Weighted Amounts

		Risk Weighted Amount		Minimum capital Requirement
		Current Period	Prior Period	Current Period
1	Credit Risk (excluding counterparty credit risk)	418.483.426	361.242.979	33.478.674
2	Standardised approach	418.483.426	361.242.979	33.478.674
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	5.751.999	3.681.993	460.160
5	Standardised approach for counterparty credit risk	5.751.999	3.681.993	460.160
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	4.416.689	3.294.787	353.335
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	27.461.275	14.176.551	2.196.902
17	Standardised approach	27.461.275	14.176.551	2.196.902
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)**	**491.404.718**	**411.815.001**	**39.312.377**

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2. Connections Between Financial Statements and the Risk Amounts

Differences Between Accounting Consolidation and Legal Consolidation and Matching of the Subject

		Carrying values of items				
Current Period	Carrying values as reported in published financial statements (*)	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisa-tion framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets						
Cash And Balances At Central Bank	52.207.147	52.207.147	-	-	-	-
Banks	4.853.057	4.853.057	-	-	-	-
Receivables From Money Markets	328.596	328.596	-	-	-	-
Financial Assets Measured At Fair Value To Profit Or Loss	1.897.885	-	-	-	1.897.885	-
Financial Assets Measured At Fair Value To Other Comprehensive İncome	110.886.717	67.629.645	50.605.054	-	43.257.038	-
Financial Assets Measured At Amortised Cost	17.547.714	17.547.714	4.093.912	-	-	-
Derivative Financial Assets	2.797.886	-	2.797.886	-	-	-
Loans (Net)	434.974.499	439.623.348	-	-	-	95.359
Investments İn Associates (Net)	99.539	99.539	-	-	-	-
Investments İn Subsidiaries (Net)	7.391.853	7.391.853	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	111.059	111.059	-	-	-	-
Receivables Form Leasing Transactions	-	-	-	-	-	-
Tangible Assets (Net)	5.478.647	5.458.483	-	-	-	20.164
Inangible Assets (Net)	745.089	-	-	-	-	745.089
Investment Propertıes (Net)	-	-	-	-	-	-
Tax Asset	1.150.294	1.150.294	-	-	-	-
Non-Currents Assets Or Disposal Groups "Held For Sale" And "From Discontinued Operatıons (Net)	4.781.720	4.781.720	-	-	-	-
Other Assets	4.504.489	4.504.489	-	-	-	-
Total Assets	**649.756.191**	**605.686.944**	**57.496.852**	**-**	**45.154.923**	**860.612**
Liabilities						
Deposıts	447.250.973	-	-	-	-	-
Funds Borrowed	34.528.490	-	2.835.538	-	-	-
Money Markets	49.275.410	-	47.060.392	-	-	-
Securities Issued (Net)	13.106.026	-	-	-	-	-
Funds	6.066.464	-	-	-	-	-
Derivative Financial Liabilities	1.658.858	-	-	-	-	-
Factoring Liabilities	-	-	-	-	-	-
Other Liabiliries	12.078.546	-	-	-	-	-
Factoring Lıabılıtıes	621.760	-	-	-	-	-
Provisions	3.818.578	-	-	-	-	-
Tax Liability	1.720.587	-	-	-	-	-
Non-Currents Liabilities Or Disposal Groups "Held For Sale" And "From Discontinued Operatıons (Net)	-	-	-	-	-	-
Subordinated Debt Instruments	9.565.957	-	-	-	-	-
Equity	70.064.542	-	-	-	-	-
Total Liabilities	**649.756.191**	**-**	**49.895.930**	**-**	**-**	**-**

(*) It represents the Bank's unconsolidated financial statements.

Differences Between Accounting Consolidation and Legal Consolidation and Matching of the Subject

Prior Period	Carrying values as reported in published financial statements (*)	Carrying values of items				
		Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisati on framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets						
Cash and balances at central bank	40.491.212	40.491.212	-	-	-	-
Banks	5.745.507	5.745.507	-	-	-	-
Receivables from Money Markets	-	-	-	-	-	-
Financial assets measured at fair value to profit or loss	6.731.624	-	-	-	6.731.624	-
Financial assets measured at fair value to other comprehensive income	78.387.523	50.287.378	28.169.653	-	28.100.145	-
Financial assets measured at amortised cost	10.253.255	10.253.250	1.996.979	-	-	-
Derivative financial assets	2.036.376	-	2.036.376	-	-	-
Loans (Net)	370.946.494	373.981.386	-	-	-	1.871
Investments in associates (Net)	94.912	94.912	-	-	-	-
Investments in subsidiaries (Net)	7.400.645	7.400.645	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	107.756	107.756	-	-	-	-
Kiralama işlemlerinden alacaklar	-	-	-	-	-	-
Tangible Assets (net)	5.045.202	5.005.568	-	-	-	39.634
Inangible Assets (net)	609.393	-	-	-	-	609.393
Investment Propertıes (Net)	-	-	-	-	-	-
Tax Asset	1.598.290	1.598.290	-	-	-	-
Non-Currents Assets Or Disposal Groups "Held For Sale" And "From Discontinued Operatıons (Net)	1.225.389	1.225.389	-	-	-	-
Other Assets	6.482.549	6.482.549	-	-	-	-
Total Assets	**537.156.127**	**502.673.842**	**32.203.008**	**-**	**34.831.769**	**650.898**
Yükümlülükler						
Deposıts	331.066.483	-	-	-	-	-
Funds Borrowed	34.171.653	-	2.860.112	-	-	-
Money Markets	68.350.796	-	25.941.503	-	-	-
Securities Issued (Net)	15.430.468	-	-	-	-	-
Funds	6.073.748	-	-	-	-	-
Derivative Financial Liabilities	1.643.492	-	-	-	-	-
Faktoring borçları	-	-	-	-	-	-
Diğer yükümlülükler	18.719.617	-	-	-	-	-
Factoring Lıabılıtıes	221	-	-	-	-	-
Provisions	2.831.561	-	-	-	-	-
Tax Liability	1.466.694	-	-	-	-	-
Non-Currents Liabilities or Disposal Groups "Held For Sale" And "From Discontinued Operatıons (Net)	-	-	-	-	-	-
Subordinated Debt Instruments	-	-	-	-	-	-
Equity	57.401.394	-	-	-	-	-
Total Liabilities	**537.156.127**	**-**	**28.801.615**	**-**	**-**	**-**

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The main sources of the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements

Current Period	Total	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework
Asset carrying value amount under scope of regulatory consolidation	**649.756.191**	**605.690.146**	**57.496.852**	**45.154.923**
Liabilities carrying value amount under regulatory scope of consolidation	-	-	49.895.930	-
Total net amount under regulatory scope of consolidation	**649.756.191**	**605.690.146**	**7.600.922**	**45.154.923**
Differences in valuations	300.454.320	72.862.723	133.838.492	-
Valuation Differences	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	-	-	-	-
Differences due to consideration of provisions	-	-	-	-
Differences due to prudential filters	-	-	-	-
Amount of Risk	**950.210.511**	**678.552.869**	**141.439.414**	**45.154.923**

Prior Period	Total	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework
Asset carrying value amount under scope of regulatory consolidation	**537.156.127**	**502.716.226**	**32.203.008**	**34.831.769**
Liabilities carrying value amount under regulatory scope of consolidation	-	-	28.801.615	-
Total net amount under regulatory scope of consolidation	**537.156.127**	**502.716.226**	**3.401.393**	**34.831.769**
Differences in valuations	229.969.735	72.904.465	73.687.383	-
Valuation Differences	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	-	-	-	-
Differences due to consideration of provisions	-	-	-	-
Differences due to prudential filters	-	-	-	-
Amount of Risk	**767.125.862**	**575.620.691**	**77.088.776**	**34.831.769**

Explanations on differences between risk amounts and valued amounts in accordance with the Turkish Accounting Standards

There is no significant difference between financial statement values of assets and liabilities and values included in capital adequacy calculation.

3. Credit Risk Explanations

3.1. Transformation of bank's business model into components in credit risk profile

The banks must allocate risk limits approved by board of directors of the banks and monitor limit utilization pursuant to Article 38 of the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks issued by the BRSA and published in the Official Gazette no. 29057 dated 11 July 2014. Furthermore, pursuant to paragraph 5 of the same article, it is expected to establish a signal structure that will serve as an early warning mechanism in addition to the limit structure.

Additionally, principle 5 of the Guideline for Counter Party Credit Risk Management announced to the public by the BRSA with the Agency Decision no. 6827 dated 31 March 2016 States that banks must allocate a limit for counter party credit risk (CCR).

Pursuant to aforementioned regulations, to what extent the Bank gets closer to allocated limits approved by the board of directors or to what extent these levels were exceeded must be monitored by the risk management unit which was structured independent from executive units. This practice that was included in monitoring function of the risk management unit is significant as it presents a legal obligation and it helps optimization of resource utilization.

Signal and limit values for counter party credit risk transactions were determined separately for banking accounts and trading accounts based on portfolio type. Calculations were made based on ratio of risk weighted asset amounts calculated for relevant parameters to total credit and market risk weighted asset amounts and they are reported to the Bank's Top Management periodically through relevant units.

In an attempt to prevent significant effects of unfavorable developments in the portfolio subject to market risk, it is essential to restrict risk level to the limits in line with the Bank's risk appetite. Market risk limits were determined as interest rate risk and currency risk limits. Current values for such limits are calculated on a daily basis with market data and reported to the Bank's Top Management through relevant units. Market risk signal and limit values are monitored dynamically in the light of market developments and, if necessary, updated based on the developments in the Bank's strategy and risk appetite.

3.2. Criteria and approach adopted for determining credit risk policy and credit risk limits

As part of credit risk management, the Bank's risk management team conducts the functions of identification, measurement, monitoring and controlling of credit risk in line with the structure, size, complexity and growth rate of products and activities and reports the analysis, including stress test, and its results to the Bank's Top Management.

In an attempt to prevent significant effects of unfavorable developments in the portfolio subject to credit risk, credit risk level was restricted to the limits in line with the Bank's risk appetite. The limits are revised and, if needed, updated regularly in line with the developments in market conditions, the Bank's strategy and risk appetite.

There is a signal and limit structure in place, indicating that credit risk limits are almost reached as a result of internal and external developments. Parameters for signal and limit structure and limit values of parameters are determined by risk management by consulting the relevant units. The approval of Audit Committee and Board of Directors is sought in order to implement parameters and signal/limit threshold values within the Bank. It is ensured that risk signal and limit structure is forwarded to relevant units in the Bank and the structure is understood by the relevant staff. Actual values are monitored closely by the risk management. Actual values regarding signal and limit parameters are reported to the Bank's Top Management.

3.3 Structure and organization of credit risk management and control function

The Bank's internal system units consist of the Inspection Board, Internal Control and Compliance Department and Risk Management Department. Credit risk management is one of the four services under the Risk Management Department.

Activities conducted at the credit risk management unit, which is subject to inspection and controlling activities periodically, aim to establish and maintain a credit risk management infrastructure that is structured enough to meet legal obligations and flexible enough to accommodate the best practices. Accordingly, capital amount that should be reserved for credit risk is calculated; risk mitigation techniques are implemented; stress tests are conducted; credit risk signal and limit structures are monitored; activities are conducted to calculate credit risk with advanced methods and developments that may affect the Bank's credit risk are monitored. Analyses conducted are reported to the Top Management and relevant units periodically.

3.4. Relationship between credit risk management, risk control, legal compliance and internal audit functions

Risk Management Department goes through inspection and control activities periodically. In case of any findings, they are reported and required activities are performed.

Furthermore, inspection and control units involve in the process also for the ICAAP activities that constitute a significant part of risk management activities. Accordingly, ICAAP analyses and activities are validated by Internal Control and Compliance Department that reports to the Audit Committee independent from the team that develops and implements the methodology of the ICAAP analyses. The same team issues a Validation Report as well. The entire ICAAP process is subject to an inspection by the Inspection Board and reported through Examination Report issued.

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The controls on Risk Management Disclosures are carried out within the scope of Risk Management Department activities. Two separate control processes are carried out periodically in the related unit, Capital Adequacy Calculation process and other Risk Management processes control, and are carried out within the scope of capital adequacy check points and guide and control points and guidance related to other risk management activities.

All activities, new transactions and products planned by the Bank; compliance with relevant laws, regulations, internal policies and banking practices are controlled. In this context, the compliance of the legislative regulations regarding the Risk Management Disclosures with the intra-bank practices is also checked.

The control activities carried out in the Head Office Units are carried out in accordance with the control periods determined by taking into account the functions and the risks of the units, the duties of the units and their effects on the Bank's balance sheet. The control processes of the Head Office Units are carried out through the control points determined according to the processes, duties and powers of the unit and the control techniques are detailed in the General Directorate Control Manual.

3.5. Scope and Main Content for Reporting to Top Management and Board Members on Credit Risk Management Function and Credit Risk Exposed

It is essential to inform the Bank's Top Management about developments in credit risk management and results of the analysis and activities conducted in order to achieve efficiency in risk management. Accordingly, a reporting system for informing the Bank's Top Management on credit risk management is established and required measures are taken for healthy functioning of the system.

Informing process as part of reporting should be based on the most current data available on a periodical basis.

Reports issued contain, at a minimum, information on risk amount and development, legal capital requirement, stress test analysis results, effect of such results on capital adequacy level, actualization level of risk limits and limitations and assumptions of risk measurement method used.

3.6. Credit Quality of Assets

Current Period	Defaulted	Non-defaulted	Allowances/ Amortisation and impairments	Net values
Loans	12.690.487	435.292.264	13.008.252	434.974.499
Debt Securities	-	132.467.406	2.132.721	130.334.685
Off-balance sheet explosures	739.804	186.279.907	1.086.387	185.933.324
Total	**13.430.291**	**754.039.577**	**16.227.360**	**751.242.508**

Prior Period	Defaulted	Non-defaulted	Allowances/ Amortisation and impairments	Net values
Loans	7.459.749	371.871.327	8.384.582	370.946.494
Debt Securities	-	101.597.633	6.223.847	95.373.786
Off-balance sheet explosures	279.906	166.767.433	448.141	166.599.198
Total	**7.739.655**	**640.236.393**	**15.056.570**	**632.919.478**

3.7. Changes in the Defaulted Receivables and Debt Instruments

Current Period

1	Defaulted loans and debt securities at end of the previous reporting period	**7.459.749**
2	Loans and debt securities that have defaulted since the last reporting period	7.695.331
3	Returned to non-defaulted status	63.232
4	Amounts written off	-
5	Other changes	(2.401.361)
6	**Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) (*) definitions**	**12.690.487**

(*) Provisions for non-cash loans are not included in the table.

Prior Period

1	Defaulted loans and debt securities at end of the previous reporting period	**4.774.329**
2	Loans and debt securities that have defaulted since the last reporting period	3.918.309
3	Returned to non-defaulted status	85.686
4	Amounts written off	-
5	Other changes	(1.147.203)
6	**Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) (*) definitions**	**7.459.749**

(*) Provisions for non-cash loans are not included in the table.

3.8. Additional Explanations On Credit Quality Of Assets

Differences between definitions and explanations of "deferred" receivables and receivables for which "provision was allocated", and definitions of "deferred" and "provision of allocation", if any

The Bank classifies its credits and other receivables and allocates expected loss provisions pursuant to the "Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions" published in the Official Gazette no. 29750 dated 22 June 2016. The term "Deferred Receivables" is used for credits named "Loans under Close Monitoring" whose maturity is deferred for up to 90 days as of the end of period without any impairments as well as for credits named "Non-Performing Loans" whose maturity is deferred for more than 90 days or subject to impairment. In practice, the Bank sets expected credit loss provisions for the stage 1 and stage 2 for credits classified as "Standard Credits" and "Under Close Monitoring" and expected loss provisions for the loans for the stage 3 for credits classified as "Non-Performing Loans".

The portion that is not considered within the scope of "allocation of provision" among deferred receivables (over 90 days) and reasons for this practice

The Bank transfers credits whose maturity is deferred for more than 90 days automatically to monitoring accounts pursuant to the classification provisions of Regulation on Provisions, and allocates provision of respective class; whereas it does not allocate expected loss provisions for fund-based credits classified as "Non-Performing Loans" pursuant to Article 13 "Exceptions" of the Regulation on Provisions as the relevant risk is not assumed by the Bank.

Definitions of methods used for determining provision amount

The Bank sets expected loss provisions for loans and other receivables in accordance with the regulations stated by the Communiqué published on the Official Gazette numbered 29750 and dated 22 June 2016 on "Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions". However, there is no judgement in the related Regulation and the BRSA's related disclosures that would prevent further provision of the minimum amounts required.

Definitions of restructured receivables

Real/legal persons using credit may, from time to time, face usual risks of business life such as failure to include the excessive cost increases in sales prices, loss of market share and turnover, unexpected expenses, problems in collection of receivables due to some factors that are beyond reasonable control of its own businesses or other businesses worked with. They may therefore have temporary liquidity difficulties. It involves setting new loan repayment maturities in line with cash flows for businesses which have no significant problem in credit worthiness and sustain their income-generating activities but fail, or priorly imply failure, to make their loan repayment in a timely manner due to temporary liquidity problems.

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Breakdown of receivables by geographic regions, sectors and remaining maturity; receivable amounts subject to allocation of provision by geographic regions and sectors and their respective provisions; amounts removed from the assets

	Loans and Receivables	Non Preforming Loans	Expected Loss Provisions	Total
Domestic	423.318.804	12.618.012	10.618.903	425.317.913
European Union Countries	567.705	23.387	24.063	567.029
USA, Canada	4.222	4.239	4.504	3.957
OECD Countries (1)	2.570	-	59	2.511
Off-Shore Banking Regions	-	-	-	-
Other	11.398.963	44.849	2.360.723	9.083.089
Total	**435.292.264**	**12.690.487**	**13.008.252**	**434.974.499**

(1) OECD countries other than EU countries, USA and Canada.

	Loans and Receivables	Non Preforming Loans	Expected Loss Provisions	Total
Agriculture	75.478.236	1.794.874	1.404.110	75.869.000
Farming and Stockbreeding	75.166.422	1.777.009	1.386.634	75.556.797
Forestry	168.905	9.164	7.563	170.506
Fishing	142.909	8.701	9.913	141.697
Manufacturing	93.184.527	2.292.927	2.453.220	93.024.234
Mining and Quarrying	5.351.544	26.150	45.299	5.332.395
Production	62.769.692	2.018.110	1.790.945	62.996.857
Electric, Gas and Water	25.063.291	248.667	616.976	24.694.982
Construction	41.938.858	2.503.451	1.736.823	42.705.486
Services	98.723.028	4.670.634	6.095.787	97.297.875
Wholesale and Retail Trade	39.716.964	2.663.794	2.175.788	40.204.970
Hotel Food and Beverage Services	8.072.268	354.691	253.267	8.173.692
Transportation and Telecommunication	17.446.877	140.008	2.429.242	15.157.643
Financial Institutions	7.065.149	5.870	12.848	7.058.171
Real Estate and Leasing Services	24.607.981	1.369.009	1.170.259	24.806.731
Self Employment Services	-	-	-	-
Education Services	888.343	108.723	31.738	965.328
Health and Social Services	925.446	28.539	22.645	931.340
Other	125.967.615	1.428.601	1.318.312	126.077.904
Total	**435.292.264**	**12.690.487**	**13.008.252**	**434.974.499**

Information regarding breakdown of receivables according to remaining maturities is given in footnote II-4.

Aging Analysis for Deferred Receivables

The Aging Analysis regarding the loans which are overdue but yet have not lost its value has been presented below;

Current Period	Up to 1 Month	1-2 months	2-3 months	Total
Loans and Receivables (1)				
Corporate/Entrepreneur Loans	403.770	88.874	2.759.013	3.251.657
Retail Loans	61.120	13.579	5.613	80.312
Specialized Loans	811.513	188.977	133.937	1.134.427
Total	**1.276.403**	**291.430**	**2.898.563**	**4.466.396**

(1) Explanations on the amounts; For the loans with instalments, the overdue installment amounts, for other type of credits, the overdue principal amount and the remaining principal amounts of intallmanent results with a grand total of TL 25.366.576.

Prior Period	Up to 1 Month	1-2 months	2-3 months	Total
Loans and Receivables [1]				
Corporate/Entrepreneur Loans	308.419	155.519	1.742.770	2.206.708
Retail Loans	57.408	11.971	4.894	74.273
Specialized Loans	604.811	183.072	95.164	883.047
Total	**970.638**	**350.562**	**1.842.828**	**3.164.028**

[1] Explanations on the amounts; For the loans with instalments, the overdue installment amounts, for other type of credits, the overdue principal amount and the remaining principal amounts of intallmanent results with a grand total of TL 15.043.829.

Breakdown of restructured receivables by allocation of provision

Out of the Bank's total restructured loans amounting to TL 9.772.431, a portion of TL 9.240.364 consists of performing loans and remaining portion of TL 532.067 consists of non-performing loans. While the specific provision allocated for non-performing loans amounts to TL 303.199, no expected loss provision (Stage 3) was allocated for non-performing loans of TL 19.224, whose risk is not assumed by the Bank. (31 December 2018: Out of the Bank's total restructured loans amounting to TL 3.660.290, a portion of TL 3.404.751 consists of performing loans and remaining portion of TL 255.539 consists of non-performing loans. While the specific provision allocated for non-performing loans amounts to TL 166.198, no expected loss provision (Stage 3) was allocated for non-performing loans of TL 360, whose risk is not assumed by the Bank)

3.9. Credit risk mitigation

3.9.1. Qualitative requirements to be disclosed to public regarding credit risk mitigation techniques

Basic characteristics of policies and processes on the extent of utilization of on-balance sheet and off-balance sheet netting

The practice of on-balance sheet and off-balance sheet netting is used while mitigating credit risk within the Bank.

3.10. Credit risk mitigation techniques – Overview

Current Period	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans	355.381.887	84.336.820	48.242.825	67.009.421	44.952.792	-	-
Debt Securities	130.334.685	-	-	-	-	-	-
Total	**485.716.572**	**84.336.820**	**48.242.825**	**67.009.421**	**44.952.792**	**-**	**-**
Of which defaulted	10.579.251	2.111.236	733.725	2.109.151	733.709	-	-

Prior Period	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans	313.988.391	12.205.965	1.587.257	47.788.901	19.917.358	-	-
Debt Securities	95.373.786	-	-	-	-	-	-
Total	**409.362.177**	**12.205.965**	**1.587.257**	**47.788.901**	**19.917.358**	**-**	**-**
Of which defaulted	6.788.104	1.274	134	670.371	330.907	-	-

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3.11. Credit risk if standard approach is used

3.11.1. Qualitative explanations on ratings used by the banks while calculating credit risk with standard approach

Names of Credit Rating Agencies (CRA) and Export Rating Agencies (ERA) used by the Bank and the reasons in case of any change during the reporting period

The Bank uses ratings of Fitch Ratings International Rating Agency and Islamic International Rating Agency (IIRA) while calculating the amount subject to credit risk through standard approach. The country risk classification published by the Economic Cooperation and Development Organization (OECD) is taken as basis for the unrated central government and central banks.

Risk classes using CRA and ERA ratings

For the risk class received from banks and intermediary institutions, the ratings of the Fitch Ratings International Rating Agency are used for determining the risk weights for the risk classes using a rating grade from the risk classes specified in Article 6 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks. While the international rating score is taken into consideration for the entire risk class receivables from central governments or central banks, the ratings of the Islamic International Rating Agency (IIRA) are used. The country risk classification published by the Organization for Economic Cooperation and Development (OECD) is taken as basis for unclassified central government and central banks. The counterparties residing domestically are accepted as "ratingless" and take the risk weight which is appropriate for the "ratingless" category in the related risk class.

Explanation on how credit rating of debtor is used for other assets of debtor in banking accounts

While the rating assigned by Fitch Ratings International Rating Agency corresponds to credit quality level 3 in the risk class "Receivables from Central Governments or Central Banks", ratings used for the risk class "Receivables from Banks and Brokerage Houses" match with different credit quality levels.

Matching rating grades on the basis of risk

Rating assigned by a credit rating agency that is not listed in the BRSA's matching table is not used in calculations.

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3.12. Standard Approach- Loan risk Exposure and the Effects of Loan Risk Reduction Techniques

Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Risk Classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount
Exposures to sovereigns and their central banks	137.386.761	824.931	180.062.198	2.739.787	31.630.420	17,3%
Exposures to regional and local governments	618.086	77.751	442.183	44.102	231.623	47,6%
Exposures to administrative bodies and non-commercial entities	243.217	757.225	1.196.718	385.687	1.542.669	97,5%
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	73.633.221	14.890.869	74.897.681	8.288.251	12.658.563	15,2%
Exposures to corporates	196.017.305	102.469.416	169.312.241	56.039.840	222.622.745	98,8%
Retail exposures	157.023.430	52.234.252	140.355.731	4.531.954	107.486.351	74,2%
Exposures secured by residential property	59.603.803	352.789	59.275.334	174.748	20.818.566	35,0%
Exposures secured by commercial property	8.464.297	740.249	8.214.361	445.931	4.397.972	50,8%
Past-due items	3.891.589	-	3.172.906	-	2.229.256	70,3%
Exposures in high-risk categories	3.992.028	381.000	3.944.385	156.606	6.145.752	149,9%
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	4.527.084	112.063	4.527.084	55.817	4.416.688	96,4%
Other exposures	27.127.402	-	27.127.401	-	14.317.867	52,8%
Equity share investments	153.641	-	153.641	-	153.641	100,0%
Total	**672.681.864**	**172.840.545**	**672.681.864**	**72.862.723**	**428.652.113**	**57,5%**

Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Risk Classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount
Exposures to sovereigns and their central banks	103.382.072	755.048	140.351.903	2.508.107	20.164.873	14,1%
Exposures to regional and local governments	652.674	69.730	672.680	49.958	346.487	47,9%
Exposures to administrative bodies and non-commercial entities	252.278	726.398	875.633	300.059	1.101.096	93,7%
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	47.005.226	15.738.552	47.005.223	8.087.350	10.822.141	19,6%
Exposures to corporates	175.719.811	104.533.979	153.986.632	57.470.710	207.127.806	98,0%
Retail exposures	129.695.090	36.438.867	114.564.343	3.715.750	87.948.545	74,3%
Exposures secured by residential property	47.446.107	331.458	47.194.835	178.693	16.589.279	35,0%
Exposures secured by commercial property	6.879.814	550.210	6.727.011	327.865	3.594.586	51,0%
Past-due items	1.874.559	-	1.543.667	-	1.130.264	73,2%
Exposures in high-risk categories	3.319.088	374.036	3.304.792	199.912	5.232.314	149,3%
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	3.314.849	133.558	3.314.849	66.061	3.294.788	97,5,%
Other exposures	20.387.060	-	20.387.060	-	10.724.574	52,6%
Equity share investments	143.006	-	143.006	-	143.006	100,0%
Total	**540.071.634**	**159.651.836**	**540.071.634**	**72.904.465**	**368.219.759**	**60,1%**

3.13. Standard Approach: Receivables related with Risk Classes and Risk Weights

Current Period Risk Classes/Risk Weight	0%	10%	20%	35% secured by property mortgage	50% secured by property mortgage	50% (*)	75%	100%	150%	200%	Other	Total risk amount (post-CCF and CRM)
Exposures to sovereigns and their central banks	119.814.729	-	9.892	-	-	62.697.844	-	279.520	-	-	-	182.801.985
Exposures to regional and local government	27.549	-	34	-	-	454.172	-	4.530	-	-	-	486.285
Exposures to administrative bodies and non-commercial entities	39.577	-	198	-	-	-	-	1.542.630	-	-	-	1.582.405
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	46.521.243	-	17.542.922	-	-	14.318.546	-	1.933.307	-	-	2.869.914	83.185.932
Exposures to corporates	947.168	-	505.619	-	-	2.755.346	-	221.143.948	-	-	-	225.352.081
Retail exposures	1.049.738	-	711.761	-	-	146	143.125.212	-	-	-	828	144.887.685
Exposures secured by residential property	21.174	-	16.391	59.380.353	-	-	-	32.164	-	-	-	59.450.082
Exposures secured by commercial property	8.297	-	8.916	-	8.493.780	-	-	149.299	-	-	-	8.660.292
Past-due items	13	-	-	-	-	1.887.274	-	1.285.619	-	-	-	3.172.906
Exposures in high-risk categories	1.938	-	2.174	-	-	-	-	2	4.096.877	-	-	4.100.991
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	166.213	-	-	-	-	-	-	4.416.688	-	-	-	4.582.901
Equity share investments	-	-	-	-	-	-	-	153.641	-	-	-	153.641
Other exposures	12.809.527	-	9	-	-	-	-	14.317.865	-	-	-	27.127.401
Total	**181.407.166**	**-**	**18.797.916**	**59.380.353**	**8.493.780**	**82.113.328**	**143.125.212**	**245.259.213**	**4.096.877**	**-**	**2.870.742**	**745.544.587**

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

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

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

3.14. Credit risk under Internal Ratings-Based (IRB) Approach

Standard approach is used in the Bank's credit risk calculations.

3.15. Counter Party Credit Risk Explanations

Risk management goals and policies for CCR

As part of the Bank's counter party credit risk management, the functions of identification, measurement, monitoring and controlling of counter party credit risk are conducted in line with the structure, size, complexity and growth rate of products and activities, and the analysis, including stress test, and its results are reported to the Top Management.

As part of capital adequacy ratio calculations, activities for counter party credit risk are an integral part of planning, monitoring and controlling of total risk profile, and counter party credit risk management is integrated to periodic risk management process.

In the scope of counter party risk management, it is aimed to meet legal obligations and to establish and maintain counter party credit risk management infrastructure that is flexible and structured enough to accommodate the best practices. Accordingly, it is planned to conduct stress test activities, improve counter party credit risk signal and limit structure and conduct relevant monitoring function.

Operational limit allocation method specified in the scope of internal capital calculated for CCR and CCP risks

Critical thresholds (signal and limit values) indicating that limits are approached due to internal or external developments have been identified. In the event that these values are approached or exceeded, relevant units take required actions.

Parameters for signal and limit structure and limit values of parameters are determined by consulting the relevant units and implemented at the Bank upon approval of the Audit Committee and Board of Directors.

Internal limits are determined by considering the Bank's budget, strategy and expectations for upcoming years, developments in Turkey and abroad and historical realization of risks.

Policies for establishing guarantee and other risk mitigation and CCR, including CCP risk

In an attempt to identify the counter party credit risk that the Bank may face, risk measurement and monitoring activities are performed and their results are considered in strategic decision-making process.

Our risk management structure involves activities to ensure that counter party credit risk measurement system functions and is maintained in line with the best practices, legal regulations, fields of activity and product ranges in a consistent, reliable and integrated way.

As part of counter party credit risk management, stress test scenarios were created by anticipating any unfavorable developments in macroeconomic conditions and the Bank's balance sheet. Results of stress test analysis are considered while establishing risk management policies.

Amount subject to counter party credit risk is calculated with appraisal method based on its fair value in accordance with the Communiqué on Measurement and Assessment of Capital Adequacy of Banks and provisions in Appendix-2, and reported on a monthly basis. Accordingly, replacement cost and potential counter party credit risk amounts are calculated. Furthermore, capital obligation is also calculated for credit appraisal adjustment for all derivatives.

Additionally, compliance of transactions posing counter party credit risk with thresholds within signal and limit structure is monitored and research is conducted for counter party credit risk calculations with advanced methods.

Rules for countertrend risk

Boasting a strong lending and collateralization structure, the Bank avoids collateralization in positive correlation with the debtor's credibility and activities in connection with risk mitigation techniques are performed by considering qualitative criteria specified in legal legislation for calculation of amount subject to credit risk.

Amount of additional collateral that the Bank must submit in case of a decline in credit rating

As the Bank has no transactions in connection with credit rating, there is not any additional collateral amount it must pay.

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3.16 Evaluation of Counterparty Credit Risk in Accordance with the Measurement Methods

	Current Period	Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) (*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
	Valuation Method according to fair value - CCR (for derivatives)	3.340.588	1.455.925			4.796.513	2.126.538
1	Standardised approach - CCR (for derivatives)	-	-		1,4	-	-
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					36.396.300	2.816.893
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					2.860.410	665.494
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	**Total**						**5.608.925**

(*) Effective Expected Positive Exposure

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

(*) Effective Expected Positive Exposure

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

3.17. Capital Requirement for Loan Valuation Adjustments

	Current Period	Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardised CVA capital charge	4.796.513	85.658
4	**Total subject to the CVA capital charge**	**4.796.513**	**85.658**

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

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

Current Period Risk Weight/Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Exposures to sovereigns and their central banks	2.664.755	-	-	457.031	-	-	-	-	3.121.786
Exposures to regional and local governments	5.001	-	-	-	-	-	-	-	5.001
Exposures to administrative bodies and non-commercial entities	2.816	-	-	-	-	-	-	-	2.816
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	42.878.830	-	11.470.585	5.544.408	-	-	-	2.869.914	62.763.737
Exposures to corporates	13.412	-	-	-	-	398.735	-	-	412.147
Retail exposures	162.312	-	-	-	1.349	-	-	828	164.489
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	166.213	-	-	-	-	-	-	-	166.213
Equity share investments	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-
Total	45.893.339	-	11.470.585	6.001.439	1.349	398.735	-	2.870.742	66.636.189

(*) Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.
(**) Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit.

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

(*) Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.
(**) Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit risk.

3.19. Risk classes and counterparty credit risk explanations

None.

Collaterals for CCR

	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given			
Current Period	Segregated	Unsegregated	Segregated	Unsegregated	Collateral received	Collateral given
Cash-domestic currency	-	-	-	-	26.917.003	-
Cash-foreign currency	-	-	-	-	22.943.367	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**49.860.370**	**-**

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

Credit Derivatives

None.

Risk Weight changes under CCR on the Internal Modeling Management Methods.

None.

Risks Related with Central Counterparties

		Exposure at default (post-CRM)	RWA
1	**Exposure to Qualified Central Counterparties (QCCPs) (total)**	**2.870.742**	**57.415**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC Derivatives	-	-
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	1.088.022	21.760
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	-
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	1.782.720	35.655
10	Unfunded default fund contributions	-	-
11	**Exposures to non-QCCPs (total)**	-	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which)	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

Explanations on Securitization Disclosures

None.

4. Explanations on Market Risk

4.1. The Bank's process and strategies: A disclosure on the Bank's strategic goals for trading activities is made in a manner that includes processes for identification, measurement, monitoring and controlling of the Bank's market risks, hedging processes and strategies/processes for monitoring continuity of hedging efficiency

For the purposes of market risk aversion in line with financial risk management, the Bank has identified market risk management activities in accordance with the Communiqué on Measurement and Assessment of Capital Adequacy of Banks and the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks and has taken required precautions.

The Bank's market risk management policies and implementation procedures have been specified in the scope of the Regulation on Risk Management, Stress Test Program and ICAAP approved by the Board of Directors.

The Bank ensures that measurement, monitoring, limiting, stress test and scenario analysis activities are conducted in line with the structure and complexity of its positions for market risk management and their results are reported periodically. Activities sustained are conducted over a trading portfolio specified by the Bank's Treasury Management and other activities subject to market risk.

The amount subject to market risk is calculated and monitored with standard method and advanced measurement method at the Bank. Furthermore, scenario analysis and stress tests are also conducted periodically.

4.2. Organization and structure of market risk management function: Definition of market risk management structure established for implementation of the Bank's strategies and processes as mentioned in line i) and definition of communication mechanism and relationship between different parties involved in market risk management

Market risk management is a subunit of Risk Management Department, one of internal systems units established independently from executive units of the Bank.

Market risk management activities are conducted in line with the Regulation on Risk Management, Stress Test Program and ICAAP approved with the Board Decision no. 15/18 dated 28 April 2015 and performed by aiming the best practices in this structure.

The Bank's trading activities and transactions subject to market risk are monitored and measured regularly and required practices are performed for risk management. Required reports on market risk are submitted to relevant units and the Bank's Top Management regularly.

4.3. Structure and scope of risk reporting and/or measurement systems

The amount subject to the Bank's market risk is calculated on a monthly basis with the standard method and included in the Bank's capital adequacy ratio.

Apart from the standard method, Value at Risk (VaR) estimations are made for trading accounts on a daily basis and reported to relevant units. VaR calculated with Historical Simulation Method is used in daily reporting and limit measurement with a confidence level of 99%. VaR can be calculated with Parametric and Monte Carlo Methods in addition to Historical Simulation Method. Backward testing is performed so as to measure performance of used model and monitor market realization. Also, the Bank performs stress tests and scenario analyses on a daily and monthly basis so as to observe the effect of excessive market fluctuations that are not covered in the models on the Bank's financial position. Scenario analysis and stress test activities are reviewed and improved regularly in line with the market dynamics.

The market risk exposure is restricted with VaR-based limits (interest rate and currency risk limit) within the context of the Regulation on Risk Management, Stress Test Program and ICAAP. Market risk limits are determined by the Bank's Board of Directors.

	Standard approach-Current Period	RWA	
0	Outright products	Current Period	Prior Period
1	Interest rate risk (general and specific)	15.582.666	11.638.176
2	Equity risk (general and specific)	752.996	454.090
3	Foreign exchange risk	11.125.613	2.084.285
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
9	**Total**	**27.461.275**	**14.176.551**

Standart method is being used by the Bank to calculate the risk of the sector.

5. Explanations on the Operational Risk

In the Bank, Amount subject to Operational Risk is calculated with Basic Indicator Approach based on yearly. The parameter which determines the amount subject to operational risk in Basic Indicator Approach is gross revenue. Yearly gross revenue is calculated by adding net interest incomes to net fees and commission income, dividend income, trading profit/loss (net) and other operating incomes and also by deducting profit/loss gained from sale of securities monitored out of purchase-sale account, extraordinary incomes, operating expense made against support service and amounts compensated from insurance.

Within the scope of the performances for modeling with the Advanced Measurement Approach of operational risk, based on the data in Operational Risk Loss database, Operational Value at Risk (OpVAR) measurements are calculated using Monte Carlo Simulation within the scope of Loss Distribution Method.

Current Period	31.12.2016	31.12.2017	31.12.2018	Total/Number of Positive GI years	Ratio (%)	Total
Gross Income	15.914.437	19.108.775	21.442.915	18.822.042	15	**2.823.306**
Amount Subject to Operational Risk						**35.291.329**

Prior Period	31.12.2015	31.12.2016	31.12.2017	Total/Number of Positive GI years	Ratio (%)	Total
Gross Income	12.046.693	15.914.437	19.108.775	15.689.968	15	**2.353.495**
Amount Subject to Operational Risk						**29.418.691**

6. Explanations on the Interest Rate Risk for Banking Book

Banking accounts interest rate risk management strategy policy and implementation procedures are determined within the context of "Regulation on Risk Management, Stress Test Program and the Bank's Internal Capital Adequacy Assessment Process ("ICAAP")".

Bank performs scenario analysis with measurements that are suitable for structure and complexness of positions related to the market risk management, limiting, scenario analysis and stress test and also reports the findings cyclically. Bank's perform analysis related to interest rate risks for the entire balance sheet. New products and services are also evaluated from the point of interest rate risk that is originated from banking accounts.

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In the risk management, the following methods are followed at minimum level: The follow-up of rate and maturity mismatch between sources and uses of fixed and variable interest rates, the analysis and follow-up of the effects of the usual and unusual changes in interest rates which is possibly uptrend and downtrend on the interest margin and on the current value of assets and liabilities, the analysis and follow-up of contractual maturities as well as behavioral maturities assets and liabilities, monitoring closely of interest margins for provided Turkish Liras and foreign currency, the follow-up of the effects of interest rate changes on Bank's economic value and capital requirement, the follow-up of potential impacts of valuation methods, the calculation and the determination of the size of interest rate shock in Bank's internal applications, the follow-up of yield curve risk. Also, in order to limit the impact of interest rate changes on Bank's financial structure, the interest rate risk limit arising from banking accounts which is approved by the Board of Directors is followed monthly.

Type of Currency -Current Period	Shock Applied (+/- x basis point)	Gains/(Losses)	Gains/Equity- (Losses)/ Equity
1. TL	500	(12.679.918)	(15,16%)
2. TL	(400)	12.351.574	14,77%
3. EUR	200	701.590	0,84%
4. EUR	(200)	(376.572)	(0,45%)
5. USD	200	(3.066.038)	(3,67%)
6. USD	(200)	3.997.006	4,78%
Total (of negative shocks)		**15.972.008**	**19,10%**
Total (of positive shocks)		**(15.044.366)**	**(17,99%)**

Type of Currency-Prior Period	Shock Applied (+/- x basis point)	Gains/(Losses)	Gains/Equity- (Losses)/ Equity
1. TL	500	(7.858.209)	(13,08%)
2. TL	(400)	7.553.954	12,58%
3. EUR	200	335.294	0,56%
4. EUR	(200)	(305.553)	(0,51%)
5. USD	200	(1.960.562)	(3,26%)
6. USD	(200)	2.589.906	4,31%
Total (of negative shocks)		**9.838.307**	**16,38%**
Total (of positive shocks)		**(9.483.477)**	**(15,79%)**

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 December 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

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IX. 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 "Anahtar" 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 crop and animal production, fishery products and agricultural mechanization directly to producers and The Central Union of Turkish Agricultural Credit Cooperatives. Besides, it gives support to entities and enterprises having operations in agricultural sector by acting as an intermediary for loans originated from public funds.

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

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	**14.494.268**	**24.386.047**	**8.386.213**	**18.216.689**	**119.066**	**65.602.283**
Interest Income from Loans	14.494.268	24.386.047	8.386.213	5.497.895	-	52.764.423
Interest Income from Banks	-	-	-	305.757	-	305.757
Interest Income from Securities	-	-	-	11.966.108	-	11.966.108
Other Interest Income	-	-	-	446.929	119.066	565.995
Interest Expense	**17.954.593**	**7.204.531**	**-**	**14.795.839**	**335.314**	**40.290.277**
Interest Expense on Deposits	17.954.593	7.204.531	-	2.829.878	-	27.989.002
Interest Expense on Funds Borrowed	-	-	-	1.672.114	-	1.672.114
Interest Expense on Money Market Transactions	-	-	-	8.927.479	-	8.927.479
Interest Expense on Securities Issued	-	-	-	1.366.368	-	1.366.368
Other Interest Expense	-	-	-	-	335.314	335.314
Net Interest Income/Expense	**(3.460.325)**	**17.181.516**	**8.386.213**	**3.420.850**	**(216.248)**	**25.312.006**
Net Fees and Commission Income/Expense	**3.253.059**	**2.034.712**	**126.736**	**(1.835.417)**	**10.681**	**3.589.771**
Fees and Commissions Received	3.253.059	2.034.712	126.736	11.397	282.118	5.708.022
Fees and Commissions Paid	-	-	-	1.846.814	271.437	2.118.251
Dividend Income	**-**	**-**	**-**	**1.060.357**	**-**	**1.060.357**
Trading Profit/Loss (Net)	**-**	**-**	**-**	**(7.817.493)**	**-**	**(7.817.493)**
Other Operating Income	**43.111**	**192.829**	**29.882**	**5.860**	**1.342.187**	**1.613.869**
Provision for Expected Loss (-)	**1.678.605**	**3.624.132**	**1.010.658**	**-**	**-**	**6.313.395**
Other Provision Expenses (-)	**-**	**-**	**-**	**767**	**110.999**	**111.766**
Personnel Expenses (-)	**-**	**-**	**-**	**-**	**3.460.423**	**3.460.423**
Other Operating Expense	**2.199.792**	**60.448**	**64.779**	**-**	**3.899.793**	**6.224.812**
Net Operating Profit/Loss	**(4.042.552)**	**15.724.477**	**7.467.394**	**(5.166.610)**	**(6.334.595)**	**7.648.114**
Profit/Loss on Equity Method Applied Subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**
Tax Provision	**-**	**-**	**-**	**-**	**(1.461.226)**	**(1.461.226)**
Net Profit/Loss	**(4.042.552)**	**15.724.477**	**7.467.394**	**(5.166.610)**	**(7.795.821)**	**6.186.888**
SEGMENT ASSETS						
Financial Assets at FV Through P/L	-	-	-	1.897.885	-	1.897.885
Banks and Receivables from Money Market	-	-	-	5.181.653	-	5.181.653
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	110.886.717	-	110.886.717
Loans	117.853.602	229.969.949	70.408.159	16.742.789	-	434.974.499
Financial Assets Measured at Amortised Cost (Net)	-	-	-	17.547.714	-	17.547.714
Derivative Financial Assets	-	-	-	2.797.886	-	2.797.886
Associates, Subsidiaries and Joint Ventures	-	-	-	7.602.451	-	7.602.451
Other Assets	18.767	4.479.822	150.770	45.640.968	18.577.059	68.867.386
TOTAL SEGMENT ASSETS	**117.872.369**	**234.449.771**	**70.558.929**	**208.298.063**	**18.577.059**	**649.756.191**
SEGMENT LIABILITIES						
Deposits	317.327.558	82.904.436	-	31.398.883	15.620.096	447.250.973
Derivative Financial Liabilities Held for Trading	-	-	-	1.658.858	-	1.658.858
Funds Borrowed	-	-	-	34.528.490	-	34.528.490
Money Market Funds	6.649	26.580.217	-	22.688.544	-	49.275.410
Securities Issued (Net)	-	-	-	13.106.026	-	13.106.026
Provisions	-	1.086.387	-	-	2.732.191	3.818.578
Other Liabilities	-	-	-	-	30.053.314	30.053.314
Shareholders' Equity	-	-	-	-	70.064.542	70.064.542
TOTAL SEGMENT LIABILITIES	**317.334.207**	**110.571.040**	**-**	**103.380.801**	**118.470.143**	**649.756.191**

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

Prior Period	Retail Banking	Corporate/ SME banking	Specialized Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
OPERATING INCOME/EXPENSE						
Interest Income	**11.336.624**	**18.385.076**	**6.933.515**	**16.318.041**	**80.551**	**53.053.807**
Interest Income from Loans	11.336.624	18.385.076	6.933.515	4.372.703	-	41.027.918
Interest Income from Banks	-	-	-	248.312	-	248.312
Interest Income from Securities	-	-	-	10.977.126	-	10.977.126
Other Interest Income	-	-	-	719.900	80.551	800.451
Interest Expense	**12.589.361**	**5.266.127**	**-**	**13.129.056**	**153.452**	**31.137.996**
Interest Expense on Deposits	12.589.361	5.266.127	-	1.819.052	-	19.674.540
Interest Expense on Funds Borrowed	-	-	-	1.429.422	-	1.429.422
Interest Expense on Money Market Transactions	-	-	-	8.793.448	-	8.793.448
Interest Expense on Securities Issued	-	-	-	1.087.134	-	1.087.134
Other Interest Expense	-	-	-	-	153.452	153.452
Net Interest Income/Expense	**(1.252.737)**	**13.118.949**	**6.933.515**	**3.188.985**	**(72.901)**	**21.915.811**
Net Fees and Commission Income/Expense	**1.805.533**	**1.450.116**	**99.539**	**(795.106)**	**77.712**	**2.637.794**
Fees and Commissions Received	1.805.533	1.450.116	99.539	13.885	188.714	3.557.787
Fees and Commissions Paid	-	-	-	808.991	111.002	919.993
Personnel Expenses	**-**	**-**	**-**	**-**	**2.839.925**	**2.839.925**
Dividend Income	**-**	**-**	**-**	**290.900**	**-**	**290.900**
Trading Profit/Loss (Net)	**-**	**-**	**-**	**(3.834.183)**	**-**	**(3.834.183)**
Other Operating Income	**35.122**	**176.485**	**30.671**	**4.260**	**1.187.305**	**1.433.843**
Provision for Expected Loss (-)	**1.146.329**	**2.749.669**	**805.633**	**994**	**16.062**	**4.718.687**
Other Operating Expense	**1.717.834**	**41.071**	**53.863**	**-**	**3.039.101**	**4.851.869**
Net Operating Profit/Loss	**(2.276.245)**	**11.954.810**	**6.204.229**	**(1.146.138)**	**(4.702.972)**	**10.033.684**
Profit/Loss on Equity Method Applied Subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**
Tax Provision	**-**	**-**	**-**	**-**	**(2.072.746)**	**(2.072.746)**
Net Profit/Loss	**(2.276.245)**	**11.954.810**	**6.204.229**	**(1.146.138)**	**(6.775.718)**	**7.960.938**
SEGMENT ASSETS						
Financial Assets at FV Through P/L	-	-	-	6.731.624	-	6.731.624
Banks and Other Financial Institutions	-	-	-	5.745.507	-	5.745.507
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	78.387.523	-	78.387.523
Loans	91.540.432	201.771.123	64.158.050	13.476.889	-	370.946.494
Financial Assets Measured at Amortised Cost (Net)	-	-	-	10.253.255	-	10.253.255
Derivative Financial Assets	-	-	-	2.036.376	-	2.036.376
Associates, Subsidiaries and Joint Ventures	-	-	-	7.603.313	-	7.603.313
Other Assets	17.591	1.103.924	100.315	36.953.627	17.276.578	55.452.035
TOTAL SEGMENT ASSETS	**91.558.023**	**202.875.047**	**64.258.365**	**161.188.114**	**17.276.578**	**537.156.127**
SEGMENT LIABILITIES						
Deposits	243.086.366	54.506.095	-	25.668.614	7.805.408	331.066.483
Derivative Financial Liabilities Held for Trading	-	-	-	1.643.492	-	1.643.492
Funds Borrowed	-	-	-	34.171.653	-	34.171.653
Money Market Funds	2.657	13.548.364	-	54.799.775	-	68.350.796
Securities Issued (Net)	-	-	-	15.430.468	-	15.430.468
Provisions	-	448.141	-	-	2.383.420	2.831.561
Other Liabilities	-	-	-	-	26.260.280	26.260.280
Shareholders' Equity	-	-	-	-	57.401.394	57.401.394
TOTAL SEGMENT LIABILITIES	**243.089.023**	**68.502.600**	**-**	**131.714.002**	**93.850.502**	**537.156.127**

X. EXPLANATIONS ON THE FAIR VALUE REALIZATION OF FINANCIAL ASSETS AND LIABILITIES

1. Information Regarding the Fair Value of Financial Assets and Liabilities

Current Period	Book Value	Fair Value
Financial Assets	**581.601.526**	**581.432.091**
Due from Interbank Money Market	328.596	328.596
Banks	4.853.379	4.853.379
Financial Assets Measured at Fair Value Through Other Comprehensive Income	110.886.717	110.886.717
Financial Assets Measured at Amortised Cost	17.550.083	17.380.648
Loans	447.982.751	447.982.751
Financial Liabilities	**502.375.636**	**502.375.636**
Bank Deposits	31.479.865	31.479.865
Other Deposits	415.771.108	415.771.108
Funds Borrowed from Other Financial Institutions	34.528.490	34.528.490
Issued Marketable Securities	13.106.026	13.106.026
Miscellaneous Payables	7.490.147	7.490.147

Prior Period	Book Value	Fair Value
Financial Assets	**473.719.449**	**473.593.215**
Due from Interbank Money Market	-	-
Banks	5.746.211	5.746.211
Financial Assets Measured at Fair Value Through Other Comprehensive Income	78.387.523	78.387.523
Financial Assets Measured at Amortised Cost	10.254.639	10.128.405
Loans	379.331.076	379.331.076
Financial Liabilities	**385.984.582**	**385.984.582**
Bank Deposits	25.668.614	25.668.614
Other Deposits	305.397.869	305.397.869
Funds Borrowed from Other Financial Institutions	34.171.653	34.171.653
Issued Marketable Securities	15.430.468	15.430.468
Miscellaneous Payables	5.315.978	5.315.978

Receivables from money markets, receivables from banks and bank deposits are of short term nature, therefore carrying values are considered as fair value.

In determination of book and fair value of available-for-sale securities, market prices are taken into consideration. If these securities are not traded in an active market, the indicator prices calculated by CBRT are taken into account.

The fair value of held to maturity financial assets is calculated by considering market prices. In cases where these prices cannot be determined, the fair value is assessed on the basis of market prices quoted for securities that have the same attributes in terms of interest, maturity and other terms.

The fair value of loans and other deposits represent the sum of the cost and the accrued interest.

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

2. Information on Fair Value Measurements Recognized in the Financial Statements

According to TFRS 7 "Financial Instruments: Explanations" Standard, the accounts recognized with the fair value in the balance sheet should be presented and classified sequentially in the related footnotes. Respectively, such financial instruments are classified in three levels representing the importance of the data used during for the measurement of fair values. At level one, the financial instruments whose fair values are determined with the recorded prices in the active markets for the assets and liabilities with identical fair values; at level two, the financial instruments whose fair value is based on the directly or indirectly observable market indicators and at level three; the financial instruments whose fair value is not based on the directly or indirectly observable market indicators are considered. The financial instruments which are recognized with their fair values at the Bank's balance sheet, are presented with respect to such basis of classification in the table below:

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss)	**1.897.885**	**-**	**-**	**1.897.885**
Government Debt Securities	1.897.885	-	-	1.897.885
Marketable Securities	-	-	-	-
Other Marketable Securities	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	**110.532.039**	**201.039**	**122.845**	**110.855.923**
Government Debt Securities	109.595.632	-	-	109.595.632
Marketable Securities	376.500		122.845	499.345
Other Marketable Securities	559.907	201.039	-	760.946
Derivative Financial Assets	**-**	**2.797.886**	**-**	**2.797.886**
Subsidiaries and Joint Ventures [2]			**3.257.115**	**3.257.115**
Total Assets	**112.429.924**	**2.998.925**	**3.379.960**	**118.808.809**
Derivative Financial Liabilities	-	1.658.858	-	1.658.858
Total Liabilities	**-**	**1.658.858**	**-**	**1.658.858**

[1] Since equity securities under the heading of Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income amounting to TL 30.794 are not quoted in an active market, they are presented with their acquisition costs in the financial statements and are not included.
[2] Information on domestic subsidiaries monitored over acquisition cost is not shown in this table.

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss)	**6.731.624**	**-**	**-**	**6.731.624**
Government Debt Securities	6.393.453	-	-	6.393.453
Trading Derivative Financial Assets	-	-	-	-
Hedging Derivative Financial Assets	338.171	-	-	338.171
Other Marketable Securities	**78.059.998**	**184.520**	**115.577**	**78.360.095**
Financial Assets at Fair Value Through Other Comprehensive Income	77.811.852	-	-	77.811.852
Equity Securities [1]	227.046	-	115.577	342.623
Government Debt Securities	21.100	184.520	-	205.620
Other Marketable Securities	**-**	**2.036.376**	**-**	**2.036.376**
Subsidiaries and Joint Ventures [2]	**-**	**-**	**3.222.927**	**3.222.927**
Total Assets	**84.791.622**	**2.220.896**	**3.338.504**	**90.351.022**
Trading Derivative Financial Liabilities	-	1.643.492	-	1.643.492
Total Liabilities	**-**	**1.643.492**	**-**	**1.643.492**

[1] Since equity securities under the heading of financial assets at fair value through other comphrehensive income amounting to TL 27.428 are not quoted in an active market, they are presented with their acquisition costs in the financial statements and are not included.
[2] Information on domestic subsidiaries monitored over acquisition cost is not shown in this table.

The movement of financial assets in Stage 3 is presented below:

	Current Period	Prior Period
Balances at Beginning of Period	**3.338.504**	**2.295.728**
Purchases	42.364	289.293
Disposals Through Sale/Redemptions	-	-
Valuation Effect	(908)	753.483
Transfers	-	-
Balances at the End of Period	**3.379.960**	**3.338.504**

XI. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES

1. Transaction, Custody, Management and Consultancy Services of the Bank on behalf of Third Parties:

The Bank acts as an intermediary for purchases and sales of government securities on behalf of real persons and corporate, conducts repo transactions, and provides custody services. The bank does not provide consultancy and management services.

2. Transactions with Other Financial Institutions Under Fiduciary Transaction Agreements and Financial Services Rendered to Other Financial Institutions Under the Scope Of Fiduciary Transactions and the Effects of Such Services to the Financial Position of the Bank or The Group

The Bank has no fiduciary transactions.

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	2.066.402	2.071.843	2.075.790	1.429.963
Central Bank of the Republic of Turkey	780.011	44.730.986	2.747.581	34.206.046
Other	-	2.558.417	1.150	31.104
Total	**2.846.413**	**49.361.246**	**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 financing companies, the items specified within the Communiqué, except from liabilities to Central Bank, Treasury, Domestic banks, and head offices and branches in Turkey of the banks established by international agreements, constitute required reserves liabilities.

Banks are required to maintain reserves with Central Bank of the Republic of Turkey for their TL and FC liabilities that are specified in the aforementioned Communique. Required reserves are calculated every two weeks and established for 14 day intervals.

With the amendments made in 2019, the Central Bank has linked the TL and FC required reserve rates and the interest to be paid on the required reserves maintained in TL with the annual growth rates of TL cash loans. Required reserve rates vary according to the maturity structure of the liabilities, and are applied between 1%-7% for TL deposits and other liabilities, 13%-19% for FX deposits and 5%-21% for other FC liabilities.

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	672.664	15.680.915	2.424.088	12.546.367
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	763
Other [1]	107.347	29.050.071	323.493	21.658.916
Total	**780.011**	**44.730.986**	**2.747.581**	**34.206.046**

[1] Includes required reserves and CBRT restricted electronic money funds amounting to TL 3.373. Required reserve of branches abroad amounting to TL 160.297 is presented in this line. TL 3.317.307 of the current period's FC required reserve is the part of the 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

None. (31 December 2018: None)

3. Positive Differences Related to The Derivative Financial Assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	156.547	33.478	243.160	15.245
Swap Transactions	1.139.190	1.468.650	1.305.367	471.896
Futures Transactions	-	-	-	-
Options	-	21	-	708
Other	-	-	-	-
Total	**1.295.737**	**1.502.149**	**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	2.118	14.990	686.231	2.278
Foreign Banks	127.733	4.708.538	178.850	4.878.852
Foreign Head Office and Branches	-	-	-	-
Total	**129.851**	**4.723.528**	**865.081**	**4.881.130**

4.2. Information on Foreign Bank Accounts

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	1.719.373	467.631	-	-
USA, Canada	2.041.384	1.701.552	-	-
OECD Countries [1]	57.751	22.129	-	-
Off-shore Banking Regions	-	-	-	-
Other	1.015.055	2.865.491	2.708	899
Total	**4.833.563**	**5.056.803**	**2.708**	**899**

[1] OECD countries except EU countries, USA and Canada.

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	50.605.054	28.169.653
Assets Blocked/Given as Collateral	30.536.506	45.687.419
Total	**81.141.560**	**73.857.072**

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

	Current Period	Prior Period
Debt Securities	112.464.458	84.213.066
Quoted in Stock Exchange	112.263.419	84.028.546
Not Quoted in Stock Exchange	201.039	184.520
Share Certificates	554.295	395.377
Quoted in Stock Exchange	376.498	227.170
Not Quoted in Stock Exchange	177.797	168.207
Provision for Impairment (-)	2.132.036	6.220.920
Total	**110.886.717**	**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]	452.130	-	365.688	-
Total	**452.130**	**-**	**365.688**	**-**

[1] Interest rediscount and interest accrual amounting TL 4.228, are not included (31 December 2018: Interest rediscount and interest accrual amounting TL 4.243 are not included).

[2] Since the balance of overdraft accounts related to employees amounting TL 22.557, 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.)

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

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

(1) Agricultural loans of funds originated are shown in specialized lendings.
(2) Farmer support agricultural loans are shown in specialized lendings.

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

(1) Agricultural loans of funds originated are shown in specialized lendings.
(2) Farmer support agricultural loans are shown in specialized lendings.

Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

	Current Period		Prior Period	
Expected Credit Loss of Stage 1 and Stage 2	Standard Qualified Loans	Loans Under Close Monitoring	Standard Qualified Loans	Loans Under Close Monitoring
Expected Provision Loss for 12 months	1.346.524	-	855.496	-
Significant Increase in Credit Risk	-	3.397.684	-	2.181.267

7.3. Loans According to Maturity Structure

		Loans under Close Monitoring	
Current Period [(1)]	Standard Loans	Loans Not Subject to Restructuring	Restructured or Rescheduled
Short-term Loans	83.171.046	2.000.100	1.242.156
Medium and Long-term Loans	313.847.392	17.478.813	5.975.437

(1) Accruals are not included.

		Loans under Close Monitoring	
Prior Period [(1)]	Standard Loans	Loans Not Subject to Restructuring	Restructured or Rescheduled
Short-term Loans	71.401.575	1.481.478	365.376
Medium and Long-term Loans	274.758.985	12.294.757	2.192.299

(1) Accruals are not included.

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

7.4. 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	**1.124.603**	**106.403.629**	**107.528.232**
Real Estate Loans [2]	16.423	64.771.146	64.787.569
Vehicle Loans	6.481	384.676	391.157
Consumer Loans [2]	1.101.699	41.247.807	42.349.506
Other	-	-	-
Consumer Loans- Indexed to FC	**-**	**-**	**-**
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	**1.535**	**48.337**	**49.872**
Real Estate Loans	-	6.989	6.989
Vehicle Loans	-	-	-
Consumer Loans	1.535	41.348	42.883
Other	-	-	-
Retail Credit Cards-TL	**7.013.410**	**189.176**	**7.202.586**
With Installment	2.484.024	181.398	2.665.422
Without Installment	4.529.386	7.778	4.537.164
Retail Credit Cards-FC	**762**	**-**	**762**
With Installment	-	-	-
Without Installment	762	-	762
Personnel Loans-TL	**21.460**	**275.212**	**296.672**
Real Estate Loans	-	131	131
Vehicle Loans	-	-	-
Consumer Loans	21.460	275.081	296.541
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	**148.749**	**6.658**	**155.407**
With Installment	56.923	6.508	63.431
Without Installment	91.826	150	91.976
Personnel Credit Cards-FC	**51**	**-**	**51**
With Installment	-	-	-
Without Installment	51	-	51
Overdraft Accounts-TL (Real Person)	**1.718.010**	**-**	**1.718.010**
Overdraft Accounts-FC (Real Person)	**-**	**-**	**-**
Total [1]	**10.028.580**	**106.923.012**	**116.951.592**

[1] TL 796.082 of interest income accrual is not included.
[2] Consumer loans originated from funds amounting to TL 3.908.975 of are included.

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

[1] TL 646.478 of interest income accrual is not included.
[2] Consumer loans originated from funds amounting to TL 3.839.218 of are included.

7.5. Information on Installment Based Commercial Loans and Corporate Credit Cards

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

[1] Accruals are not included.

Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

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

[1] Accruals are not included.

7.6. Loans According to Types Of Borrowers

	Current Period	Prior Period
Public	3.223.182	3.566.745
Private	420.491.762	358.927.725
Interest Income Accruals of Loans	11.577.320	9.376.857
Total	**435.292.264**	**371.871.327**

7.7. Breakdown of Domestic and Foreign Loans

	Current Period	Priod Period
Domestic Loans	413.792.927	353.958.673
Foreign Loans	9.922.017	8.535.797
Interest Income Accruals of Loans	11.577.320	9.376.857
Total	**435.292.264**	**371.871.327**

7.8. Loans Granted to Subsidiaries and Associates

	Current Period	Priod Period
Direct loans granted to subsidiaries and associates	2.288.776	2.535.527
Indirect loans granted to subsidiaries and associates	-	-
Total	**2.288.776**	**2.535.527**

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

7.9. Provisions provided against loans (Stage Three)

	Current Period	Priod Period
Loans and other receivables with limited collectability	548.928	388.478
Loans and other receivables with doubtful collectability	1.491.663	688.923
Uncollectible loans and other receivables	6.223.453	4.270.418
Total	**8.264.044**	**5.347.819**

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

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period			
Gross amounts before the provisions	72.597	199.997	259.471
Restructured loans	72.597	199.997	259.471
Period Period			
Gross amounts before the provisions	27.918	77.194	150.427
Restructured loans	27.918	77.194	150.427

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior Period Ending Balance	**1.146.829**	**1.313.386**	**4.999.534**
Additions (+)	5.518.051	1.583.901	593.379
Transfers from Other Categories of Loans under Follow-Up (+)	-	4.025.467	3.051.780
Transfers to Other Categories of Loans under Follow-Up (-)	4.025.467	3.051.780	-
Collections (-)	410.220	678.194	837.614
Sold [1]	421.432	19.851	97.282
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period End Balance	**1.807.761**	**3.172.929**	**7.709.797**
Provision (-)	548.928	1.491.663	6.223.453
Net Balance on Balance Sheet	**1.258.833**	**1.681.266**	**1.486.344**

[1] The restructured and rescheduled loans, are included on the stated sum.

7.10.3. Information on Foreign Currency Under Follow-up Loans

	Group III	Group IV	Group V
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period:			
Period Ending Balance	**655**	**698**	**28.293**
Expected Loss Provision (-)	187	426	26.653
Net Balance on Balance Sheet	**468**	**272**	**1.640**
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**

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

	Group III	Group IV	Group V
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	**1.258.833**	**1.681.266**	**1.486.344**
Loans to Real Persons and Legal Entities (Gross)	1.807.761	3.172.929	7.563.830
Provisions (-)	548.928	1.491.663	6.077.486
Loans to Real Persons and Legal Entities (Net)	1.258.833	1.681.266	1.486.344
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	145.967
Provisions (-)	-	-	145.967
Other Loans and Receivables (Net)	-	-	-
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)	-	-	-

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

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

	Group III	Group IV	Group V
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	**103.300**	**139.371**	**54.580**
Interest Accruals and Valuation Differences	150.292	271.159	203.749
Provisions (-)	46.992	131.788	149.169
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

7.10.6. Information on Liquidating Policy of Uncollectible Loans and Other Receivables

Execution proceedings are carried out for the collection of receivables from loan services of the Bank's. During this process, tangible guarantees constituting guarantees of receivables of the Bank and assets of the debtor(s) are realized while receivables of the Bank are also tried to be collected and liquidated by means of administrative procedures. Transactions are performed within the context of legislation agreement, which ensures the collection of receivables through administrative channels. When the debtor offers exceed authorizations transferred to the Branch/Regional Management or includes matters outside the scope of current legislation agreements and the Branch/Regional Management submit favorable opinion to the Head Office regarding this issue, receivables should be restructured on a company/debtor basis in accordance with the decisions made by the related authorities.

7.10.7. Explanations on Write-Off Policy

The Bank writes off the receivables from its records with the actualized circumstances of deaths of the debtor and/or the related people, refusals of the heritage by the heritors within the legal time limits, becoming legally and effectively impossible of the collection of the receivable, and the given financial accountability decision on the related personnel of the considered receivable.

7.10.8. Other Explanations and Disclosures

Current Period	Corporate/SME	Consumer	Agricultural	Total
Neither Past Due nor Impaired Loans [1]	223.501.609	115.331.474	66.626.209	405.459.292
Past Due but not Impaired Loans	23.990.386	2.416.189	3.426.397	29.832.972
Impaired Loans	9.813.365	1.215.937	1.661.185	12.690.487
Total	**257.305.360**	**118.963.600**	**71.713.791**	**447.982.751**
Specific Provisions of Impaired Loans (-)	6.487.333	880.476	896.235	8.264.044
Net Loan Amount	**250.818.027**	**118.083.124**	**70.817.556**	**439.718.707**

[1] TL 3.908.975 consumer, TL 1.893.565 agricultural and TL 18 corporate and entrepreneurial loans originated from funds whose risk does not belong to the Bank, are shown under Neither Past Due nor Impaired Loans.

Prior Period	Corporate/SME	Consumer	Agricultural	Total
Neither Past Due nor Impaired Loans [1]	202.117.379	89.870.265	61.675.826	353.663.470
Past Due but not Impaired Loans	14.459.974	1.531.778	2.216.105	18.207.857
Impaired Loans	5.403.149	949.515	1.107.085	7.459.749
Total	**221.980.502**	**92.351.558**	**64.999.016**	**379.331.076**
Specific Provisions of Impaired Loans (-)	4.075.927	707.554	564.338	5.347.819
Net Loan Amount	**217.904.575**	**91.644.004**	**64.434.678**	**373.983.257**

[1] TL 3.839.218 consumer, TL 1.950.642 agricultural and TL 18 corporate and entrepreneurial loans originated from funds whose risk does not belong to the Bank, are shown under Neither Past Due nor Impaired Loans.

8. Information on Financial Assets Measured at Amortised Cost

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

Financial Assets Measured at Amortised Cost subject to repo transactions

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	1.989.088	2.104.824	177.923	1.819.056
Treasury Bills	-	-	-	-
Other Public Sector Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	**1.989.088**	**2.104.824**	**177.923**	**1.819.056**

Financial Assets Measured at Amortised Cost given as collateral or blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	-	-	-	-
Bonds and Similar Investment Securities	2.021.297	10.404.413	3.790.424	3.019.229
Other	-	-	-	-
Total	**2.021.297**	**10.404.413**	**3.790.424**	**3.019.229**

8.2. Government Bonds and Treasury Bills Measured at Amortised Cost

	Current Period	Prior Period
Government Bonds	17.427.402	10.056.544
Treasury Bills	-	-
Other Public Sector Debt Securities	36.073	-
Total	**17.463.475**	**10.056.544**

8.3. Information on Investments Measured at Amortised Cost

	Current Period	Prior Period
Debt securities	17.550.083	10.254.639
Listed in a Stock Exchange	17.463.475	10.056.544
Not Listed in a Stock Exchange	86.608	198.095
Provision for Impairment (-)	-	-
Total	**17.550.083**	**10.254.639**

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	562.552	1.764.370
Purchases During the Year [1]	10.608.138	3.501.862
Disposals through Sales and Redemptions	(3.875.246)	(2.607.480)
Provision for Impairment (-)	-	-
Period End Balance	**17.550.083**	**10.254.639**

[1] Accruals are shown in "Purchases During the Year".

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

9. Information about Associates Accounts (Net)

9.1. Information about Associates

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

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

	Total Assets (2)	Shareholders' Equity (2)	Total Non-Current Assets (2)(3)	Interest Income (2)	Income from Marketable Securities (2)	Current Period Profit/Loss (2)	Prior Period Profit/Loss (2)	Fair Value (1)
1	151.277	91.498	77.573	5.591	-	26.624	15.953	-
2	332.448	174.875	192.972	12.387	-	11.378	41.206	-
3	4.957.994	1.052.917	142.418	257.921	48.807	166.427	100.978	-
4	5.250	5.250	-	-	-	-	-	-

(1) There is no fair value due to the fact that associates are not traded in the stock exchange
(2) Current period information of associates has been provided from unaudited financial statements as of 31 December 2019. Prior period profit/loss information of associates has been provided from audited financial statements as of 31 December 2018.
(3) Total fixed assets include tangible and intangible assets.

9.2. Information about Financial Associates (Net)

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

9.3. Sectoral Information and Related Amounts of Financial Associates

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

9.4. Associates Quoted to a Stock Exchange

None (31 December 2018: None).

10. Information on Subsidiaries (Net)

10.1. Information on Subsidiaries

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

	Description (***)	Address (City/Country)	The Bank's Share Percentage-if different Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	100,00	99,60
2	Ziraat Portföy Yönetimi A.Ş.	İstanbul/Turkey	100,00	99,80
3	Ziraat Katılım Bankası A.Ş.(*)	İstanbul/Turkey	100,00	100,00
4	Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	100,00	100,00
5	Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	100,00	100,00
6	Ziraat Teknoloji A.Ş.	İstanbul/Turkey	100,00	100,00
7	Onko İlaç Sanayi ve Ticaret A.Ş. (**)	İstanbul/Turkey	66,66	71,40
8	Ziraat Bank International A.G.	Frankfurt/Germany	100,00	100,00
9	Ziraat Bank BH d.d.	Sarajevo/Bosnia Herzegovina	100,00	100,00
10	Ziraat Bank (Moscow) JSC	Moscow/Russia	100,00	100,00
11	Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	100,00	99,58
12	Ziraat Bank Azerbaycan ASC	Baku/Azerbaijan	100,00	100,00
13	Ziraat Bank Montenegro AD	Podgorica/Montenegro	100,00	100,00
14	JSC Ziraat Bank Georgia	Tbilisi/Georgia	100,00	100,00
15	Ziraat Bank Uzbekistan JSC	Tashkent/Uzbekistan	100,00	100,00

(*) According to decision of Banking Regulation and Supervision Agency dated 18 January 2019, numbered 8210 and decision of Board of Directors of Ziraat Katılım Bankası A.Ş. dated 18 October 2018, numbered 34/19; Ziraat Finansal Kiralama A.Ş. with it's all assets and liabilities are dissolved without liquidation and transferred to Ziraat Katılım Bankası A.Ş. at balance sheet value on transfer date and merged under the roof of Ziraat Katılım Bankası A.Ş. Merge is registered by İstanbul Registry of Commerce at 1 March 2019.
(**) 71,40% of A group shares belonging to Onko İlaç Sanayi ve Ticaret A.Ş. were acquired on 31 December 2019 within the scope of the Bank's Board of Directors decision dated 25 October 2019 and numbered 25/23.
(***) Representing 99,97% of capital of Ziraat Sigorta A.Ş. and Ziraat Hayat Emeklilik, one of the subsidiaries of the Bank- by a company to be established by Turkey Wealth Funds. After obtaining the necessary permissions and completing share transfers, the general assembly reductions of the companies in question will be taken and legal procedures will be completed. In this context, as of the balance sheet date, these companies are classified as "Assets Held for Sale and Discontinued Operations."

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

	Total Assets	Shareholders' Equity	Total Non-Current Assets	Interest Income	Income from Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value	Shareholder's equity amount needed
1	305.932	194.396	2.488	50.908	-	91.235	68.147	-	-
2	119.799	101.863	34.498	10.517	-	41.704	20.856	-	-
3	30.803.790	2.991.243	261.364	2.478.431	158.541	386.190	242.045	-	-
4	2.611.514	1.802.699	1.890.020	436	-	118.361	133.190	-	-
5	870.432	869.059	1.413	123.984	-	117.742	-	-	-
6	69.107	15.890	3.239	2.004	-	1.824	2.409	-	-
7	628.582	66.869	370.148	2.291	-	(4.603)	(9.190)	-	-
8	7.991.971	1.632.893	23.367	321.505	3.211	89.092	108.365	1.496.724	
9	3.597.502	584.151	133.512	107.730	-	3.922	(106.929)	431.466	-
10	827.226	294.211	12.627	60.629	410	29.424	19.684	269.215	-
11	1.198.041	458.858	26.222	86.733	-	37.454	34.663	407.842	-
12	878.447	241.714	68.778	55.791	1.147	5.780	4.257	196.898	-
13	552.358	93.562	6.829	21.816	1.234	1.580	(3.885)	91.508	-
14	268.051	114.496	11.073	10.154	3.595	6.935	4.455	107.737	-
15	481.807	171.415	10.642	43.157	-	41.128	3.023	144.665	-

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

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

(3) Information on Ziraat Katılım Bankası A.Ş. has been provided from limited reviewed financial statements as of 30 September 2019, the prior period profit/loss balances have been provided from limited reviewed financial statements as of 30 September 2018. Information on other subsidiaries shown in the table above has been provided from unaudited financial statements as of 31 December 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	**(59.383)**	**2.256.158**
Additions to Scope of Consolidation	-	-
Purchases (1)	106.806	1.521.015
Bonus Shares Obtained	2.065	-
Dividends from current year income	-	-
Sales	-	-
Revaluation Increase (2)	66.048	807.408
Impairment Provision (-)	364.273	72.265
Transfer (-) (3)	129.971	-
Balance at the End of the Period (4)	**7.335.025**	**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) The Bank has classified Ziraat Hayat ve Emeklilik A.Ş. and Ziraat Sigorta A.Ş., as of the balance sheet date, as "Fixed Assets for Held for Sale and Discontinued Operations"

(4) Non-financial subsidiaries are not included.

10.2. Sectoral Information and Related Amounts of Subsidiaries

	Current Period	Prior Period
Banks	5.178.895	4.865.172
Insurance Companies	-	129.972
Factoring Companies	-	-
Leasing Companies	-	282.839
Financing Companies	-	-
Other Financial Subsidiaries	2.156.130	2.116.425

10.3. Subsidiaries which are Quoted an a Stock Exchange

None (31 December 2018: None).

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	264.804	14.745	5.368	111.882	57.779

(1) Information on entity under joint control is provided from the unaudited financial statements as of 31 December 2019.

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

12. Information on Finance Lease Receivables (Net)

The Bank has no finance lease receivables

13. Information on Derivative Financial Assets for Hedging Purposes

The Bank has no derivative financial assets for hedging purposes

14. Information on Investment Property

None

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

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

The Bank's immovables acquired amount to TL 4.649.359 consisting of TL 18.767 due to consumer loans, TL 4.479.822 on its commercial loans and TL 150.770 on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL 2.390 (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).

Representing 99,97% of capital of Ziraat Sigorta A.Ş. and Ziraat Hayat Emeklilik, one of the subsidiaries of the Bank- by a company to be established by Turkey Wealth Funds. After obtaining the necessary permissions and completing share transfers, the general assembly reductions of the companies in question will be taken and legal procedures will be completed. In this context, as of the balance sheet date, these companies are classified as "Assets Held for Sale and Discontinued Operations."

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

16. Explanations on Tangible Assets

	Immovables	Immovables with Right of Use	Movables	Movables with Right of Use	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)	(190.588)	589.554	(30.969)	84.918	(19.470)	-	433.445
- Cost	(208.549)	685.790	125.699	124.332	2.374	-	729.646
- Depreciation – net (-)	(18.585)	96.236	156.668	39.414	21.844	-	295.577
- Impairment (-)	624	-	-	-	-	-	624
Net Currency Translation from Foreign Subsidiaries	-	-	-	-	-	-	-
Cost at Period End	5.391.246	685.790	1.259.272	139.260	257.561	-	7.733.129
Accumulated Depreciation at Period End (-)	993.926	96.236	877.862	45.632	237.397	-	2.251.053
Impairment (-)	3.429	-	-	-	-	-	3.429
Closing Net Book Value	**4.393.891**	**589.554**	**381.410**	**93.628**	**20.164**	**-**	**5.478.647**

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. Explanations on Intangible Assets

	Current Period			Prior Period		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Establishment Costs	2.272	2.172	100	2.116	1.881	235
Goodwill	-	-	-	-	-	-
Intangible Rights	1.130.516	385.527	744.989	900.574	291.416	609.158
Total	**1.132.788**	**387.699**	**745.089**	**902.690**	**293.297**	**609.393**

Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements:

None.

Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition:

None.

The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition :

None.

The book value of intangible fixed assets that are pledged or restricted for use:

None.

Amount of purchase commitments for intangible fixed assets:

None.

Information on revalued intangible assets according to their types:

None.

Amount of total research and development expenses recorded in income statement within the period if any:

None.

Positive or negative consolidation goodwill on entity basis:

Not applicable for the unconsolidated financial statements

Information on Goodwill:

None.

20. Information on Deferred Tax Asset

Deferred tax is recognized on 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 in accordance with the Turkish Accounting Standards (TAS 12) "Income Taxes". In the computation of deferred tax, effective tax rates as of the balance sheet date are used in accordance with the current tax legislation.

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. Calculated deferred tax assets and deferred tax liabilities are net off in the financial statements.

Information on calculated deferred tax including deductible temporary differences, financial losses, tax deductibles and tax exemptions is shown below:

	Current Period	Prior Period
Deferred Tax Assets	2.128.618	2.961.913
Deferred Tax Liabilities	(980.007)	(1.415.920)
Net Deferred Tax Assets/(Liabilities)	1.148.611	1.545.993
Net Deferred Tax Income/(Expense)	1.277.304	169.856

	Current Period	Prior Period
Reserve for Employment Termination Benefits	207.705	164.904
Short Term Employee Benefits	137.613	103.400
Financial Assets Valuation	235.871	1.299.293
Other	567.422	(21.604)
Net Deferred Tax Assets/(Liabilities)	**1.148.611**	**1.545.993**

As of 31 December 2019, deferred tax income amounting to TL 1.277.304 (31 December 2018: TL 169.856 deferred tax income) in the income statement, deferred tax expense amounting to TL 1.674.686 (31 December 2018: TL 1.681.503). is classified under shareholders' equity. The previous period classified under equity also includes the effect of deferred tax liability arising from the transition to TFRS 9 amounting to TL 173.427.

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21. Information on Expected Credit Loss for Financial Assets

	Current Period	Prior Period
Cash and Balances at Central Bank	512	422
Banks and Receivables from Money Markets	322	704
Financial Assets Measured at Amortized Cost	2.369	1.384
Other	25.755	39.874
Total	**28.958**	**42.384**

22. Information on Other Assets

As of 31 December 2019, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

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

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**

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]	97.647.381	72.452.175	45.079.450	42.513.947
Foreign Currency Saving Deposits [1]	60.512.530	35.389.813	75.967.350	62.168.160
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance [2]	1.381.203	1.106.656	263.633	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 227.092 and TL 16.176 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2018: TL 140.007 and TL 24.266).

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

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

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

The Bank's head office is located in Turkey.

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

	Current Period	Prior Period
Deposits and other Accounts in Branches Abroad	39.051	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	20.948	8.967
Deposits Obtained through Illegal Acts Defined in the 282nd 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	128.419	20.630	272.091	8.419
Swap Transactions	408.117	1.101.684	882.868	478.751
Futures Transactions	-	-	-	-
Options	-	8	1.363	-
Other	-	-	-	-
Total	**536.536**	**1.122.322**	**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	4.088.885	3.576.251	2.088.086	4.119.290
Foreign Banks, Institutions and Funds	373.530	26.489.824	580.527	27.383.750
Total	**4.462.415**	**30.066.075**	**2.668.613**	**31.503.040**

3.2. Maturity Structure of Funds Borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	4.088.115	1.682.486	2.086.811	4.952.533
Medium and Long-Term	374.300	28.383.589	581.802	26.550.507
Total	**4.462.415**	**30.066.075**	**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

68,83% of the Bank's total liabilities and equity consist of deposits. Deposits have a diversified base and have steady structures. The Bank's liabilities are not subject to a significant concentration risk.

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4. Information on Funds Supplied from Repurchase Agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Transactions	**28.801.883**	**-**	**55.960.316**	**-**
Financial Institutions and Organizations	28.179.581	-	55.754.498	-
Other Institutions and Organizations	615.654	-	203.162	-
Real Person	6.648	-	2.656	-
From Overseas Operations	**-**	**20.473.527**	**-**	**12.390.480**
Financial Institutions and Organizations	-	20.473.527	-	12.390.480
Other Institutions and Organizations	-	-	-	-
Real Person	-	-	-	-
Total	**28.801.883**	**20.473.527**	**55.960.316**	**12.390.480**

5. Information on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	2.268.570	279.678	1.806.838	106.896
Asset-Backed Securities	-	-	-	-
Treasury Bills	1.010.690	9.547.088	1.010.690	12.506.044
Total	**3.279.260**	**9.826.766**	**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	12.856	12.856	224	221
Between 1-4 Years	270.506	270.506	-	-
More than 4 Years	338.398	338.398	-	-
Total	**621.760**	**621.760**	**224**	**221**

8. Information on Derivative Financial Liabilities for Hedging Purposes

There are no derivative financial liabilities for hedging purposes

9. Explanations on Provisions

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

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

9.2. Liabilities on Reserve for Employee Termination Benefits

9.2.1. Severance Pay and Unused Vacation Rights

The Bank accounts for its vacation and retirement pay obligations in accordance with the TAS 19 "Employee Benefits". The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 31 December 2019, unpaid vacation liability amounted to TL 265.511 and employment termination amounted to TL 1.038.524 are presented under the "Employee Benefits Provision" in the financial statements (31 December 2018: unpaid vacation liability amounted to TL 198.000, and employment termination amounted to TL 824.520 are presented under the "Employee Benefits Provision" in the financial statements).

9.2.2. Pension Rights

The technical balance sheet reports which are prepared in accordance with the principles Act numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, by using a technical interest rate of 9,80%, concluded that no technical deficit arises in the mentioned fund as of 31 December 2019 and 31 December 2019.

The liability related to Bank's benefits to be transferred to SSI as of the balance sheet date is expected payment to be made to SSI during the transfer. Actuarial parameters and results used in calculation of this amount reflects the Act's, numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, principles related to pension and health benefits to be transferred to SSI (9,80% real discount rate, etc.).

According to related Actuary Report, the Fund's surplus is TL 5.925.666 as of 31 December 2019 (31 December 2018: TL 4.256.114).

	Current Period	Prior Period
Non Medical Assets	3.295.264	2.558.724
Actual and Technical Overrun	5.925.666	4.256.114

The principal actuarial assumptions used are as follows:

	Current Period	Prior Period
Discount rate		
- Pension benefits transferable to SSI	9,80%	9,80%
- Post employment medical benefits transferable to SSI	9,80%	9,80%

To represent mortality rates both before and after retirement, CSO 1980 Female/Male mortality table is used.

Plan assets are comprised as follows:

	Current Period	Prior Period
Bank Placements	1.209.299	1.834.427
Property and Equipment	380.707	379.187
Marketable Securities	1.645.168	308.779
Other	60.090	36.331
Total	**3.295.264**	**2.558.724**

9.3. Information on Other Provisions

These financial statements include a general provision which is not in accordance with BRSA Principles amounting to TL 830.000 which has a part of TL 122.000 have been reversed and 22,000 TL of which has been canceled in the current year, 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 37.000 and other provision of TL 217 exist for cash transfers made by Bank officials. The Bank has provided provision amounting to TL 1.086.387 for possible losses arising from the off-balance sheet items. (31 December 2018: These financial statements include a general provision which is not in accordance with BRSA Principles amounting to TL 952.000 which has a part of TL 523.000 have been reversed, provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions. Moreover, the provision of TL 30.500 and other provision of TL 217 exist for cash transfers made by Bank officials. The Bank has provided provision amounting to TL 448.141 for possible losses arising from the off-balance sheet items in the current period.)

Regarding the Bank's lawsuit files, a total amount of TL 42.600 has been provided in the financial statements for lawsuits filed against the Bank for a total amount of TL 110.166 but not yet finalized (31 December 2018: For the lawsuits filed against the Bank amounting to TL 104.663, a provision of TL 38.100 has been provided in these financial statements for cases that are likely to result against the Bank but are not yet finalized).

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10. Information on Tax Liability

10.1. Information on Current Tax Liability

10.1.1. Information on Tax Provisions

As of 31 December 2019, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 939.810 (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	939.810	880.567
Taxation on Income From Securities	340.458	195.908
Property Tax	3.059	2.668
Banking Insurance Transactions Tax (BITT)	250.846	235.144
Foreign Exchange Transactions Tax	7.251	58
Value Added Tax Payable	11.164	8.366
Other	127.132	109.738
Total	**1.679.720**	**1.432.449**

10.1.3. Information on Premiums

	Current Period	Prior Period
Social Security Premiums - Employee	48	40
Social Security Premiums - Employer	65	54
Bank Social Aid Pension Fund Premium - Employee	15.201	11.988
Bank Social Aid Pension Fund Premium - Employer	22.271	16.712
Pension Fund Membership Fees and Provisions - Employee	1	1
Pension Fund Membership Fees and Provisions - Employer	1	-
Unemployment Insurance - Employee	1.093	1.816
Unemployment Insurance - Employer	2.187	3.634
Other	-	-
Total	**40.867**	**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.

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12. Explanations on Subordinated Debts

	Current Period (*)		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	-	9.565.957	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	9.565.957	-	-
Debt instruments to be included in contribution capital calculation	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Total	**-**	**9.565.957**	**-**	**-**

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

13. Information on Shareholders' Equity

13.1. Presentation on Paid-In Capital

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

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

The Bank does not have a registered capital system.

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

There are no capital increases in the current period

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

There is no share capital amount included in capital.

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

The Bank has no capital commitments.

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

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

13.7. Information on Preferred Shares Representing The Capital

The Bank has no preferred shares.

13.8. Information on Marketable Securities Value Increase Fund

	Current Period		Prior Period	
	TL	FC	TL	FC
From Subsidiaries, Associates and Entities under Common Control	34.241	(172.810)	(33.695)	176.034
Revaluation Difference	807.677	(1.165.565)	(3.637.328)	(2.792.581)
Foreign Exchange Difference	2.008.638	-	1.827.238	-
Total	**2.850.556**	**(1.338.375)**	**(1.843.785)**	**(2.616.547)**

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
Asset Purchase Commitments	13.596.736	7.174.245
Subsidiaries and Associates Capital Contribution Commitments	7.500	-
Loan Granting Commitments	11.845.018	8.548.157
Payment Commitments for Cheques	3.695.596	2.773.071
Commitments for Credit Card Expenditure Limits	24.220.013	13.341.463
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	36.161	23.620
Other Irrevocable Commitments	13.794.074	14.001.763
Total	**67.195.098**	**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 1.086.387 for possible losses arising from the off-balance sheet items in the current period. (31 December 2018: TL 448.141).

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

	Current Period	Prior Period
Letters of Guarantee	91.260.564	94.754.340
Letters of Credit	19.392.291	17.915.615
Bank Acceptances	8.202.251	8.312.973
Endorsements	969.507	202.092
Total	**119.824.613**	**121.185.020**

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

	Current Period	Prior Period
Letters of Certain Guarantees	67.879.220	65.841.319
Letters of Advance Guarantees	15.303.379	20.112.137
Letters of Temporary Guarantees	2.456.525	3.098.995
Letters of Guarantees Given to Customs Offices	1.552.648	1.444.864
Other Letters of Guarantees	4.068.792	4.257.025
Total	**91.260.564**	**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	**441.107**	**872.563**
With Original Maturity of One Year or Less	-	4.289
With Original Maturity of More than One Year	441.107	868.274
Other Non-Cash Loans	**119.383.506**	**120.312.457**
Total	**119.824.613**	**121.185.020**

1.3.2. Information on Sectoral Risk Concentrations Of Non-Cash Loans

	Current Period			
	TL	(%)	FC	(%)
Agricultural	362.811	0,93	44.030	0,05
Farming and Raising Livestock	250.180	0,64	28.348	0,04
Forestry	105.103	0,27	-	0,00
Fishing	7.528	0,02	15.682	0,02
Manufacturing	8.920.407	22,80	36.840.112	45,65
Mining and Quarrying	387.125	0,99	383.676	0,48
Production	5.134.524	13,12	32.293.329	40,01
Electric, Gas and Water	3.398.758	8,69	4.163.107	5,16
Construction	11.213.606	28,66	22.819.150	28,28
Services	18.136.756	46,36	20.278.129	25,13
Wholesale and Retail Trade	7.778.793	19,88	5.965.007	7,39
Hotel, Food and Beverage Services	266.125	0,68	874.047	1,08
Transportation and Telecommunication	1.830.472	4,68	4.463.028	5,53
Financial Institutions	6.549.033	16,74	7.540.363	9,34
Real Estate and Leasing Services	1.387.100	3,55	1.195.621	1,48
Self-employment Services	-	0,00	-	0,00
Education Services	175.154	0,45	143.574	0,18
Health and Social Services	150.079	0,38	96.489	0,12
Other	486.980	1,24	722.632	0,90
Total	**39.120.560**	**100,00**	**80.704.053**	**100,00**

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	Prior Period			
	TL	(%)	FC	(%)
Agricultural	314.459	0,82	124.786	0,15
Farming and Raising Livestock	197.139	0,52	27.428	0,03
Forestry	107.321	0,28	19.879	0,02
Fishing	9.999	0,03	77.479	0,09
Manufacturing	9.255.446	24,26	39.256.320	47,28
Mining and Quarrying	304.660	0,80	329.550	0,40
Production	5.739.909	15,05	35.712.090	43,01
Electric, Gas and Water	3.210.877	8,42	3.214.680	3,87
Construction	11.092.684	29,08	22.929.365	27,61
Services	17.101.201	44,83	20.069.132	24,17
Wholesale and Retail Trade	7.508.678	19,68	6.702.932	8,07
Hotel, Food and Beverage Services	204.763	0,54	649.195	0,78
Transportation and Telecommunication	1.685.681	4,42	4.896.381	5,90
Financial Institutions	6.212.235	16,28	6.411.574	7,72
Real Estate and Leasing Services	1.221.388	3,20	1.171.901	1,41
Self-employment Services	-	-	-	-
Education Services	164.208	0,43	146.350	0,18
Health and Social Services	104.248	0,27	90.799	0,11
Other	383.641	1,01	657.986	0,79
Total	**38.147.431**	**100,00**	**83.037.589**	**100,00**

1.3.3. Information on the Non-Cash Loans Classified Under Group I and Group II

Current Period	Group I:		Group II:	
	TL	FC	TL	FC
Non-Cash Loans	**38.383.314**	**78.808.227**	**497.009**	**1.396.259**
Letters of Guarantee	38.146.982	50.549.184	497.009	1.328.847
Bank Acceptances	9.724	8.167.548	-	24.979
Letters of Credit	226.608	19.121.988	-	42.433
Endorsements	-	969.507	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	-	-	-

Prior Period	Group I:		Group II:	
	TL	FC	TL	FC
Non-Cash Loans	**37.592.882**	**81.412.464**	**381.440**	**1.518.328**
Letters of Guarantee	37.298.091	55.300.831	381.440	1.498.807
Bank Acceptances	26.238	8.268.610	-	17.913
Letters of Credit	268.553	17.640.931	-	1.608
Endorsements	-	202.092	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	-	-	-

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2. Explanations on Derivative Transactions

	Current Period	Prior Period
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions: (I)	**208.996.455**	**111.942.491**
Forward Transactions	10.273.424	8.044.971
Swap Transactions	198.692.497	103.851.946
Futures Transactions	-	-
Option Transactions	30.534	45.574
Interest Related Derivative Transactions (II)	44.356.644	28.545.660
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	44.356.644	28.545.660
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivative Transactions: (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	**253.353.099**	**140.488.151**
Types of Hedging Derivative Transactions		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Foreign Currency Investment Hedges	-	-
B. Total Hedging Derivative Transactions	**-**	**-**
Total Derivative Transactions (A+B)	**253.353.099**	**140.488.151**

The Bank has no derivative instruments for hedging purposes. There are no unrealized transactions (those are estimated in the prior period and recognized based on this assumption however; it is clear that those transactions would not be realized) or expense and income from agreements in the income statement in the current period.

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	134.618	(25.604)	(88.462)	670.220	18.819	709.591
- Inflow	68.666.660	27.371.716	6.721.025	1.357.757	735.865	104.853.023
- Outflow	(68.532.042)	(27.397.320)	(6.809.487)	(687.537)	(717.046)	(104.143.432)
Interest rate derivatives	-	-	-	-	-	-
- Inflow	40.000	-	387.353	597.136	21.153.833	22.178.322
- Outflow	(40.000)	-	(387.353)	(597.136)	(21.153.833)	(22.178.322)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total Inflow	**68.706.660**	**27.371.716**	**7.108.378**	**1.954.893**	**21.889.698**	**127.031.345**
Total Outflow	**(68.572.042)**	**(27.397.320)**	**(7.196.840)**	**(1.284.673)**	**(21.870.879)**	**(126.321.754)**

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	(287.572)	(919.679)	239.416	672.966	-	(294.869)
- Inflow	35.092.096	15.930.070	3.008.371	1.793.274	-	55.823.811
- Outflow	(35.379.668)	(16.849.749)	(2.768.955)	(1.120.308)	-	(56.118.680)
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	612.937	13.659.893	14.272.830
- Outflow	-	-	-	(612.937)	(13.659.893)	(14.272.830)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total Inflow	**35.092.096**	**15.930.070**	**3.008.371**	**2.406.211**	**13.659.893**	**70.096.641**
Total Outflow	**(35.379.668)**	**(16.849.749)**	**(2.768.955)**	**(1.733.245)**	**(13.659.893)**	**(70.391.510)**

3. Explanations on Contingent Assets and Liabilities

Provision is allocated for transactions with complete and accurate data that may have an effect on the financial structure of the Bank and otherwise, provision is provided based on the estimations.

The Bank's liability resulting from the cheques given to its customers amounts TL 3.695.596 (31 December 2018: TL 2.773.071).

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

4. Explanations on Services in the Name of Others

The Bank acts as an intermediary for purchases and sales of government securities on behalf of individuals and entities, conducts repo transactions, and provides custody services. The Bank does not provide consultancy and management services.

IV. EXPLANATIONS AND NOTES RELATED TO PROFIT OR LOSS STATEMENT

1. Within The Scope of Interest Income

1.1. Information on Interest Income from Loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans [1]	**44.686.280**	**8.078.143**	**34.326.648**	**6.701.270**
Short Term Loans	13.569.101	744.898	10.040.293	499.984
Medium and Long Term Loans	30.010.953	7.333.197	23.878.107	6.201.255
Interest on Under Follow-up Loans	1.106.226	48	408.248	31
Premiums from Resource Utilization Support Fund	-	-	-	-

[1] Includes fees and commissions income on cash loans.

1.2. Information on Interest Received from the Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	91.929	-	64.265	-
Domestic Banks	143.121	315	114.095	316
Foreign Banks	36.110	34.282	19.588	50.048
Foreign Head Office and Branches	-	-	-	-
Total	**271.160**	**34.597**	**197.948**	**50.364**

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	10.270	2.193	5.041	624
Financial Assets at Fair Value Through Other Comprehensive Income	8.866.484	1.736.633	8.549.617	1.322.277
Financial Assets Measured at Amortized Cost	779.495	571.033	737.839	361.728
Total	**9.656.249**	**2.309.859**	**9.292.497**	**1.684.629**

1.4. Information on Interest Income from Subsidiaries and Associates

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	209.335	83.006

2. Within the Scope of Interest Expense

2.1. Information on Interest Expense on Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks [1]	460.458	1.211.656	233.877	1.195.545
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	382.417	197.718	144.417	97.991
Foreign Banks	78.041	1.013.938	89.460	1.097.554
Foreign Head Office and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	**460.458**	**1.211.656**	**233.877**	**1.195.545**

[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	415.327	330.101

2.3 Information on Interest Given on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Given on Securities Issued	476.475	889.893	512.731	574.403

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2.4 Maturity Structure of the Interest Expense on Deposits

		Time Deposit						
Current Period	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year	Cumulative Deposit	Total
TL								
Bank Deposit	-	2.624.072	14.767	4.175	460	472	-	2.643.946
Saving Deposit	-	414.983	11.072.591	2.838.615	495.788	1.029.784	15.788	15.867.549
Public Sector Deposit	447	651.244	668.045	124.280	308.701	549	-	1.753.266
Commercial Deposit	151	1.214.003	1.838.997	137.096	688.646	55.333	-	3.934.226
Other Deposit	7	178.665	600.542	464.480	185.552	87.793	-	1.517.039
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	**605**	**5.082.967**	**14.194.942**	**3.568.646**	**1.679.147**	**1.173.931**	**15.788**	**25.716.026**
FC								-
Foreign Currency Deposit	996	306.557	1.124.798	135.057	117.840	390.209	6	2.075.463
Bank Deposit	22	144.849	10.597	16.859	4.842	8.762	-	185.931
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	430	8.850	1.030	568	704	-	11.582
Total	**1.018**	**451.836**	**1.144.245**	**152.946**	**123.250**	**399.675**	**6**	**2.272.976**
Grand Total	**1.623**	**5.534.803**	**15.339.187**	**3.721.592**	**1.802.397**	**1.573.606**	**15.794**	**27.989.002**

		Time Deposit						
Prior Period	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year	Cumulative Deposit	Total
TL								
Bank Deposit	-	1.626.763	596	-	88	311	-	1.627.758
Saving Deposit	16	331.100	9.362.872	734.199	175.524	181.437	5.941	10.791.089
Public Sector Deposit	501	611.659	661.405	136.907	664.108	889	-	2.075.469
Commercial Deposit	167	751.271	1.159.771	164.186	217.931	3.259	-	2.296.585
Other Deposit	7	190.695	438.154	106.158	120.144	38.914	-	894.072
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	**691**	**3.511.488**	**11.622.798**	**1.141.450**	**1.177.795**	**224.810**	**5.941**	**17.684.973**
FC								
Foreign Currency Deposit	745	246.218	928.948	123.338	126.899	365.434	-	1.791.582
Bank Deposit	143	171.684	7.495	2.333	5.928	3.710	-	191.293
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	267	5.262	478	301	384	-	6.692
Total	**888**	**418.169**	**941.705**	**126.149**	**133.128**	**369.528**	**-**	**1.989.567**
Grand Total	**1.579**	**3.929.657**	**12.564.503**	**1.267.599**	**1.310.923**	**594.338**	**5.941**	**19.674.540**

3. Explanations on Dividend Income

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	17.522	3.218
Other [1]	1.042.835	287.682
Total	**1.060.357**	**290.900**

[1] Shows the Bank's dividend income from subsidiaries, associates and entities under common control.

4. Information on Trading Profit/Loss (Net)

	Current Period	Prior Period
Profit	**90.559.608**	**103.351.524**
Profit from the Capital Market Transactions	225.185	15.477
Profit on Derivative Financial Instruments	3.097.116	1.903.311
Foreign Exchange Profits	87.237.307	101.432.736
Loss (-)	**98.377.101**	**107.185.707**
Loss from the Capital Market Transactions	5.748	6.686
Loss on Derivative Financial Instruments	11.581.015	5.409.746
Foreign Exchange Loss	86.790.338	101.769.275

5. Information on Other Operating Income

Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 971.605 and income from sales of assets amounting to TL 123.539 (31 December 2018: Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 949.392 and income from sales of assets amounting to TL 40.046).

6. 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	6.313.395	4.701.631
12 month expected credit loss (stage 1)	594.391	477.388
Significant increase in credit risk (stage 2)	1.298.404	2.081.162
Under Follow-up loans (stage 3)	4.420.600	2.143.081
Marketable Securities Impairment Expense	767	994
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	767	994
Subsidiaries, Associates and Joint Ventures Provision Expenses for Impairment	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	110.999	16.062
Total	**6.425.161**	**4.718.687**

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7. Information on Other Operating Expenses

	Current Period	Prior Period
Reserve for Employee Termination Benefits	185.213	109.075
Bank Social Aid Provision Fund Deficit Provision	-	-
Tangible Fixed Assets Impairment Expense	137	101
Depreciation Expenses of Tangible Fixed Assets	407.929	238.783
Intangible Assets Impairment Expense	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	91.153	74.377
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	2.823.711	2.538.089
Leasing Expenses Related to TFRS 16 Exceptions	115.491	302.240
Maintenance Expenses	108.394	104.165
Advertisement Expenses	256.703	200.322
Other Expenses	2.343.123	1.931.362
Loss on Sales of Assets	21.866	986
Other [(1)]	2.694.803	1.890.458
Total	**6.224.812**	**4.851.869**

[(1)] TL 962.372 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 865.671 consists of taxes, duties and charges expense (31 December 2018: TL 673.410 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 661.270 consists of taxes, duties and charges expense)
[(2)] Prior period balance is from Operational Leasing Expenses.

8. 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	25.312.006	21.915.811
Net Fees and Commissions Income	3.589.771	2.637.794
Other Operating Income	1.613.869	1.433.843
Dividend Income	1.060.357	290.900
Trading Profit/Loss (Net)	(7.817.493)	(3.834.183)
Personnel Expenses (-)	3.460.423	2.839.925
Allowances For Expected Credit Losses (-)	6.313.395	4.701.632
Other Provision Expenses (-)	111.766	17.055
Other Operating Expenses (-)	6.224.812	4.851.869
Profit/(Loss) From Continuing Operations	**7.648.114**	**10.033.684**

9. Information on Tax Provision for Continuing and Discontinuing Operations

As of 31 December 2019, TL 1.461.226 of the Bank's total tax provision expense amounting to TL 2.738.530 consists of current tax expense while remaining balances amounting to TL 1.277.304 consists of deferred revenue. (As of 31 December 2018, TL 2.072.746 of the Bank's total tax provision expense amounting to TL 2.242.602 consists of current tax expense while remaining balances amounting to TL 169.856 consists of deferred tax expense.)

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

The Bank's net operating income after tax amounts to TL 6.186.888 (31 December 2018: TL 7.960.938).

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

11. Information on Net Profit/Loss

11.1. 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.

11.2. 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

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

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

V. EXPLANATIONS AND NOTES RELATED TO THE CHANGES IN SHAREHOLDERS' EQUITY

1. Explanations on Changes in Shareholders' Equity according to Turkey Accounting Standards and Inflation Adjustment Differences for Equity Items Considering the Ranking of Items in the Table

As per the BRSA's Circular numbered 5 announced on 28 April 2005, it is stated that the indicators of hyperinflationary period are eliminated to a large extent, inflation accounting applied in the banking system has been ceased as of 1 January 2005 in accordance with the BRSA decree numbered 1623 on 21 April 2005.

2. Explanations on Profit Distribution

It was proposed to set aside the general legal reserve TL 389.554 from the net profit for the period of TL 7.960.938; to keep TL 7.401.528 remaining from the distributions in the Bank; to set aside the legal reserve of TL 334.268 from the accumulated profit of TL 6.685.358 remaining after deducting TL 37.639 which is the negative valuation difference balance that is monitored in the fund account under the equity, that is required to be liquidated in accordance with TFRS 9 Standard, and that resulted from the reclassification of a party of securities in 2008, and TL 11.370, which is the amount of the tax provision for real estate sales revenues monitored in the special fund account, from the total of TL 5.518.877, which is monitored in the accumulated profits and which was created by the recalculation of the provisions in accordance with the regulations of the Turkish Financial Reporting Standard called "TFRS 9 Financial Instruments" that started to be implemented as of 1 January 2018, of TL 1.143.986, which is the sales revenue of certain share certificates in the Bank's portfolio, and of TL 71.503, which is the part of the real estate sales revenues that subjects to the profit distribution, and to transfer the remaining amount of TL 6.351.090 to the extraordinary reserves; to transfer TL 52.640, which is the part of 50% of the sales revenue from the real estate sold in 2018, to the other reserves so as to be monitored in a special fund account; and to transfer TL 280.000, which was set aside from the profit for 2017 to be paid to the shareholder, to the extraordinary reserves in accordance with the resolution made at the General Assembly Meeting for 2017.

The Bank plans to distribute the profit it obtained in 2019 in line with its articles of association. However, as of the preparation of financial reports, no decision regarding profit distribution has been taken.

.3. Profit Reserves

As of the balance sheet date, profit reserves amount to TL 52.110.376, legal reserves amount to TL 4.750.183 extraordinary reserves amount to TL 47.360.193. (31 December 2018: As of the balance sheet date, profit reserves amount to TL 37.320.380, legal reserves amount to TL 4.026.361 extraordinary reserves amount to TL 31.732.384 other profit reserves amount to TL 1.561.635)

VI. EXPLANATIONS ON CASH FLOW STATEMENTS

1. Explanations on the "Other" items and "The Effect Of The Change in Foreign Currency on Cash and Cash Equivalent" item in the Cash Flow Statement

Operating Profit before Changes in Operating Assets and Liabilities" amounting to TL 11.924.072 is composed mainly from interest received from loans and securities amounting to TL 58.879.738 and interest paid to deposit and money market operations which is amounting to TL 39.652.756 Other earnings consists primarily net fee, commission income and other operation losses.

The effect of change in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the beginning and end of the year, and amounts to TL 1.934.786 as of 31 December 2019.

Cash in TL, cash in foreign currency, Central Bank of the Republic of Turkey, money in transit, bank cheques purchased and cash on money market operations are defined as "cash"; interbank money transactions placements having maturities less than three months, and time deposits in banks are defined as "cash equivalents".

Period opening and end cash and cash equivalents balance

Period Opening	Current Period	Prior Period
Cash in TL and in Foreign Currency	3.538.007	3.592.955
Central Bank of the Republic of Turkey and Other Banks	19.851.722	9.422.724
Money Market Operations	-	-
Total Cash and Cash Equivalents	**23.389.729**	**13.015.679**

Period End	Current Period	Prior Period
Cash in TL and in Foreign Currency	6.696.663	3.538.007
Central Bank of the Republic of Turkey and Other Banks	21.137.280	19.851.722
Money Market Operations	328.596	-
Total Cash and Cash Equivalents	**28.162.539**	**23.389.729**

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

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

Current Period

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Opening Balance	2.535.527	5.669.093	-	-	-	-
Closing Balance	2.288.776	3.494.736	-	-	-	-
Interest and Commissions Income	209.528	1.515	-	-	-	-

Prior Period

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Opening Balance	1.622.698	4.428.780	-	-	-	-
Closing Balance	2.535.527	5.669.093	-	-	-	-
Interest and Commissions Income	83.006	963	-	-	-	-

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	
Deposits	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Opening Balance	2.711.172	1.760.542	-	-	-	-
Closing Balance	3.721.383	2.711.172	-	-	-	-
Interest Expense on Deposits	415.327	330.101	-	-	-	-

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	1.161.358	1.209.831	-	-	-	-
Total Profit/Loss	(55.620)	(37.347)	-	-	-	-
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 12.480 (31 December 2018: TL 11.216).

VIII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

IX. EXPLANATIONS AND NOTES RELATED TO DOMESTIC, FOREIGN, OFF-SHORE BRANCHES OR AFFILIATES AND FOREIGN REPRESENTATIVES OF THE BANK

1. Information on the Bank's Domestic and Foreign Branches and Foreign Representatives of The Bank

	Number	Number of Employees			
Domestic Branch [1]	1.734	24.466			
			Country of Incorporation		
Foreign Representative Office [2]	1	-	1- Iran		
				Total Assets	Statutory Share Capital
Foreign Branch [2]	1	4	1- England	7.723.995	407.043
	4	4	2- Bulgaria	686.224	93.510
	2	4	3- Iraq	817.960	294.350
	3	4	4- Greece	686.489	217.955
	1	3	5- Saudi Arabia	333.045	88.305
	4	-	6- Kosovo	451.882	66.047
	8	37	7- T.R. of Northern Cyprus	2.567.468	239.705
	1	3	8- Bahrain	17.861.984	29.435
Off-Shore Banking Region Branches	-	-	-	-	-

[1] Includes the employees of the domestic branches, including the employees of head office and regional management.
[2] Excluding the local employees of the foreign branches.

2. Information on The Bank About Opening, Closing, Changing its Organization Considerably for Domestic and Foreign Branches and Foreign Representatives of The Bank:

In 2019, 1 new branch was opened, 17 branches were closed in Turkey. Ferizaj branch in Kosovo is opened abroad.

SECTION SIX

OTHER EXPLANATIONS

I. INFORMATION ON THE BANK'S RATING THAT HAS BEEN DETERMINED BY INTERNATIONAL RATING AGENCIES

Information on the assessment done by the international rating agencies Moody's Investors Service, Fitch Ratings and JCR Eurasia are as follows:

Moody's Investors Service: June 2019	
Outlook	**Negative**
Long term Foreign Currency Deposit	B3
Short term Foreign Currency Deposit	Not-Prime
Long term Domestic Currency Deposit	B2
Short term Domestic Currency Deposit	Not-Prime
Long term Issuer Rating Foreign Currency	B2
Long term Issuer Rating Domestic Currency	B2
Baseline Credit Assessment	**caa1**
Adjusted Baseline Credit Assessment	**caa1**

Fitch Ratings: November 2019	
Foreign Currency Long Term IDR	B+/Stable
Foreign Currency Short Term IDR	B
Local Currency Long Term IDR	BB-/Stable
Local Currency Short Term IDR	B
National Long Term Rating	AA (tur)/Stable
Support Rating	**4**
Support Rating Floor	**B+**
Viability Rating	**b+**

JCR Eurasia: October 2019	
Long Term International FC	BBB-
Outlook	**Negative**
Long Term International LC	BBB-
Outlook	**Negative**
Long Term National LC	AAA (Trk)
Outlook	**Stable**
Short Term International FC	A - 3
Outlook	**Negative**
Short Term International LC	A - 3
Outlook	**Negative**
Short Term National LC	A-1+ (Trk)
Sponsor Support	**1**
Stand Alone	**A**

II. OTHER EXPLANATIONS ON THE BANK'S OPERATIONS

None.

SECTION SEVEN

I. EXPLANATIONS ON AUDIT REPORT

As of 31 December 2019, unconsolidated financial statements and explanatory notes of the Bank disclosed herein were audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member firm of KPMG International Cooperative, a Swiss entity) and Auditors' Report dated 12 February 2020 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi

CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2019 WITH INDEPENDENT AUDITORS' REPORT THEREON

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

Convenience Translation of the Independent Auditor's Report Originally Prepared and Issued in Turkish to English

To the General Assembly of Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

A) Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. ("the Bank") and its consolidated financial subsidiaries (together will be referred as "the Group") which comprise the consolidated balance sheet as at 31 December 2019 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and requirements of Turkish Financial Reporting Standards for the matters not regulated by the aforementioned legislations.

Basis for Qualified Opinion

As disclosed in section five footnote II.9.3, the accompanying consolidated financial statements as at 31 December 2019 include a general reserve of total of TL 910.000 thousands, of which TL 982.000 thousand had been recognised as expense in prior periods, TL 50.000 thousand have been recognized as expense in current period and TL 122.000 thousands have been reversed in the current period, which does not meet the requirements of BRSA Accounting and Reporting legislation. This general reserve is provided by the Group Management for possible effects of the negative circumstances which may arise in economy or market conditions.

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" ("BRSA Auditing Regulation") published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Standards on Auditing which is a component of the Turkish Auditing Standards ("TSA's") published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the POA's Code of Ethics for Independent Auditors ("Code of Ethics") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment of loans measured at amortised cost

The details of accounting policies and significant estimates and assumptions for impairment of loans measured at amortised cost are presented in Section III, No: VIII of the consolidated financial statements.

Key audit matter	How the matter is addressed in our audit
As of 31 December 2019, loans measured at amortised cost comprise 70% of the Group's total assets. The Group recognizes its loans in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 and TFRS 9 Financial Instruments standard ("Standard"). The Group applies the "expected credit loss model" in determining the impairment of financial assets in accordance with the Regulation and Standard. The model which contains significant assumptions and estimates is reviewed by the Group management annually. The significant assumptions and estimates of the Group's management are as follows: - significant increase in credit risk; - incorporating the forward looking macroeconomic information in calculation of credit risk; and - design and implementation of expected credit loss model. The determination of the impairment of loans measured at amortised cost depends on the (i) credit default status, (ii) the model based on the change in the credit risk at the first recognition date and (iii) the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets. The Group calculates expected credit losses on a collective basis. The collective basis expected credit loss calculation is based on complex processes which are modelled by using current and past data sets and expectations and the forward looking expectations are reflected by macroeconomic models. Impairment on loans measured at amortised cost was considered to be a key audit matter, due to the significance of the estimates, assumptions, the level of judgements and its complex structure as explained above.	Our procedures for testing the impairment of loans included below: - We evaluated the adequacy of the subjective and objective criteria that is defined in the Group's impairment accounting policy compared with the Regulation and Standard. - We evaluated the Group's business model and methodology and the evaluation of the calculations were carried out with the control testing and detailed analysis by the involvement of specialist. - We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and testing their classification. In this context, the current status of the loan customer has been evaluated by including prospective information and macroeconomic variables. - We tested the accuracy and the completeness of the data in the calculation models for the loans which are assessed on collective basis. The expected credit loss calculation was tested through recalculation. The models used for the calculation of the risk parameters were examined and the risk parameters for the selected sample portfolios were recalculated. - We assessed the macroeconomic models which are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method. - We evaluated the qualitative and quantitative assessments which are used in determining the significant increase in credit risk. - We evaluated the adequacy of the consolidated financial statements' disclosures related to impairment provisions.

Pension plan

The details of accounting policies and significant judgements of pension plan are presented in Section III No: XVI of the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
The Parent Bank's defined benefit pension plan (the "Plan") is managed by "T.C. Ziraat Bankası ve T. Halk Bankası Mensupları Emekli ve Yardım Sandığı (TZHEMSAN) Vakfı" (the "Fund") established as per the provisional article 20 of the Social Security Law No. 506 and the Bank's employees are the members of this Fund (TZHEMSAN). The Plan is composed of benefits which are subject to transfer to Social Security Foundation ("SSF") as per the Social Security Law no.5510 provisional article 20, and other social rights and pension benefits provided by the Bank that are not transferable to SSF. The Council of Ministers has been authorized to determine the transfer date. Following the transfer, the non-transferable social rights and pension benefits provided under the Plan will be covered by the funds and the institutions that employ the funds' members. As of 31 December 2019, the Bank's transferrable liabilities are calculated by an independent actuary using the actuarial assumptions regulated by Law, and in accordance with the Decision of the Council of Ministers announced in the Official Gazette dated 15 December 2006 and No.26377. As of 31 December 2019, the liabilities of the Bank which are not related to the current period are calculated by an independent actuary according to TAS 19 Employee Benefits. The valuation of the Pension Fund liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, inflation levels, demographic assumptions, and the impact of changes in Pension Plan. Management uses independent actuaries to assist in assessing the uncertainty around these assumptions. The key judgments and assumptions used in calculation of transferrable liabilities, plus the uncertainty around the transfer date and basis of the transfer calculation given the fact that the technical interest rate is prescribed under the law, we considered this to be a key audit matter.	Our procedures for auditing calculations of management's pension plan liability included below: - We evaluated the design and implementation of the controls that the Parent Bank has set for the liability calculations related to the pension plan was tested. - We have assessed whether there have been any significant changes in actuarial assumptions, methods and underlying regulations used in calculations compared to the prior period. - Significant changes during the period in pension plan benefits, plan assets or membership profiles which affect liabilities have been evaluated. - We have evaluated whether the TZHEMSAN plan assets are adequate to cover the Pension Plan liabilities, under the methods and assumptions used. - The adequacy of the consolidated financial statements' disclosures related to the pension plan, including disclosures of key assumptions and judgements have been evaluated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the BRSA Accounting and Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with BRSA Auditing Regulation and Standards on Auditing and TSA's we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No. 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2019 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

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 consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying consolidated 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 consolidated financial statements and IFRS.

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

Erdal Tıkmak, SMMM
Partner

25 February 2020
İstanbul, Turkey

THE CONSOLIDATED FINANCIAL REPORT OF TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 31 DECEMBER 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 consolidated financial report for the year ended 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 PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON ACCOUNTING POLICIES
- EXPLANATIONS ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP
- EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- AUDIT REPORT

Within the framework of this financial report, our consolidated financial statements of subsidiaries, associates and jointly controlled entities are as follows:

DOMESTIC SUBSIDIARIES	**FOREIGN SUBSIDIARIES**
Ziraat Hayat ve Emeklilik A.Ş.	Ziraat Bank International AG
Ziraat Sigorta A.Ş.	Ziraat Bank BH d.d.
Ziraat Yatırım Menkul Değerler A.Ş.	Ziraat Bank (Moscow) JSC
Ziraat Portföy Yönetimi A.Ş.	Kazakhstan Ziraat International Bank
Ziraat Katılım Bankası A.Ş.	Ziraat Bank Azerbaijan ASC
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	Ziraat Bank Montenegro AD
Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.	JSC Ziraat Bank Georgia
	Ziraat Bank Uzbekistan JSC
ASSOCIATES	**JOINT VENTURES**
Arap Türk Bankası A.Ş.	Turkmen Turkish Joint Stock Commercial Bank

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

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 Financial Management	Neslihan ARAS Senior Vice President of Financial Coordination

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

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

CONTENTS

SECTION ONE

GENERAL INFORMATION ABOUT THE PARENT BANK

I. HISTORY OF THE PARENT 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 Parent 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 Parent Bank, which was given the authority to perform all 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 Parent Bank's head office is located in Ankara.

II. EXPLANATION ABOUT THE PARENT BANK'S CAPITAL STRUCTURE, SHAREHOLDERS OF THE PARENT 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 Parent 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 Parent 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 PARENT BANK THEY POSSESS

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

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

The Parent 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 Parent Bank.

IV. INFORMATION ABOUT THE PERSONS AND INSTITUTIONS THAT HAVE QUALIFIED SHARES ATTRIBUTABLE TO THE PARENT 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 Parent Bank's sole shareholder is the Turkish Wealth Fund.

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

The purpose of activity of the Parent 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 banking regulations and other legislations, such as launching all kinds of cash and non-cash loans in terms of Turkish Lira and foreign currencies, acting as an intermediary in trade and issue of the financial instruments that are used in local and international markets, performing investment banking transactions, forwards dealing in domestic and foreign futures markets, providing funds from interbank money market, domestic and foreign markets, making all kinds of capital market transactions, acting as an intermediary in export and import transactions, acting as an agency for insurance and other financial institutions, participating in all sort of partnership that is founded by domestic or foreign banks or participated by them within the terms of the related legislation or establishing new partnerships for this purpose, performing all kinds of transactions, such as; acquiring limited real and personal claims like all kinds of movable and immovable goods, industrial and intellectual properties, right of usufruct, easement, superficies and disposing and transferring acquired properties and rights, placing pledge and mortgage on those properties and rights, releasing pledged and mortgaged items and declaring leasing agreements and sale commitments to the registry office.

As of 31 December 2019, the Parent Bank carries its activities with a grand total of 1.758 branches; 1.734 domestic branches including 19 corporate branches, 67 entrepreneurial branches, 1.643 branches and 5 mobile branches (31 December 2018: 1.750 domestic branches including 1.638 branches, 20 corporate branches, 87 entrepreneurial branches, 5 mobile branches) and 24 branches abroad which are London branch in England, Baghdad and Arbil branches in Iraq, Athens, Komotini, and Xanthi branches in Greece, Sofia, Plovdiv, Kardzhali and Varna branches in Bulgaria, Jeddah branch in Saudi Arabia, Pristina, Prizren, Peja and Ferizaj branches in Kosovo, Bahrain branch in Bahrain, Lefkoşa, Girne, Güzelyurt, Gazimağusa, Gönyeli, Taşkınköy, Karaoğlanoğlu and İskele branches in Turkish Republic of Northern Cyprus. The Bank also has 1 representative office in Tehran, Iran.

The Parent Bank and the consolidated subsidiaries in Note III are referred to "Group" as a whole.

As of 31 December 2019, the Group has 27.168 employees. (31 December 2018: 27.276).

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 Parent 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. and Onko İlaç Sanayi ve Ticaret A.Ş. which are subsidiaries of the Bank, are not consolidated into the Bank's consolidated financial statements in accordance with Communiqué of the Preparation Consolidated Financial Statements since these entities are not financial institution. Kredi Kayıt Bürosu, Bankalararası Kart Merkezi and Platform Ortak Kartlı Sistemler A.Ş. which are associates of the Parent Bank are not consolidated but carried at cost.

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 PARENT BANK AND ITS SUBSIDIARIES

None.

SECTION TWO

CONSOLIDATED 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
VIII. Statement of profit distribution

Convenience translation of publicly announced consolidated financial statements originally issued in Turkish
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2019

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

I- CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five I)	Current Period 31 December 2019			Prior Period 31 December 2018		
ASSETS		TL	FC	Total	TL	FC	Total
I- FINANCIAL ASSETS (NET)		**83.583.457**	**98.441.926**	**182.025.383**	**66.510.082**	**74.379.646**	**140.889.728**
1.1 Cash and Cash Equivalents		**3.565.469**	**60.244.783**	**63.810.252**	**7.814.343**	**44.400.782**	**52.215.125**
1.1.1. Cash and Balances with Central Bank	(1)	2.947.625	52.864.641	55.812.266	5.159.473	37.723.020	42.882.493
1.1.2 Banks	(4)	131.072	7.251.813	7.382.885	2.594.530	6.502.590	9.097.120
1.1.3 Receivables from Money Markets		487.812	133.957	621.769	61.405	188.682	250.087
1.1.4 Allowance for Expected Credit Losses (-)		1.040	5.628	6.668	1.065	13.510	14.575
1.2 Financial Assets Measured at Fair Value Through Profit or Loss	(2)	**1.932.117**	**145.007**	**2.077.124**	**536.584**	**6.246.194**	**6.782.778**
1.2.1 Government Securities		1.898.894	7.310	1.906.204	505.480	5.895.402	6.400.882
1.2.2 Equity Securities		23	-	23	8	-	8
1.2.3 Other Financial Assets		33.200	137.697	170.897	31.096	350.792	381.888
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income	(5),(6)	**76.790.107**	**36.553.163**	**113.343.270**	**56.610.615**	**23.222.432**	**79.833.047**
1.3.1 Government Securities		74.042.653	35.560.304	109.602.957	55.241.367	22.647.572	77.888.939
1.3.2 Equity Securities		140.393	399.984	540.377	125.580	252.138	377.718
1.3.3 Other Financial Assets		2.607.061	592.875	3.199.936	1.243.668	322.722	1.566.390
1.4 Derivative Financial Assets	(3)	**1.295.764**	**1.498.973**	**2.794.737**	**1.548.540**	**510.238**	**2.058.778**
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit or Loss		1.295.764	1.498.973	2.794.737	1.548.540	510.238	2.058.778
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		**334.985.276**	**153.648.840**	**488.634.116**	**268.866.687**	**140.472.202**	**409.338.889**
2.1 Loans	(7)	342.521.224	138.437.666	480.958.890	270.654.402	133.874.529	404.528.931
2.2 Receivables from Leasing Transactions	(12)	1.531.983	2.136.768	3.668.751	1.449.276	2.529.404	3.978.680
2.3 Factoring Receivables		-	-	-	-	2.147	2.147
2.4 Other Financial Assets Measured at Amortized Cost	(8)	4.480.563	13.691.052	18.171.615	5.404.610	4.877.935	10.282.545
2.4.1 Government Securities		4.395.402	13.664.560	18.059.962	5.207.791	4.876.659	10.084.450
2.4.2 Other Financial Assets		85.161	26.492	111.653	196.819	1.276	198.095
2.5 Allowance for Expected Credit Losses (-)		13.548.494	616.646	14.165.140	8.641.601	811.813	9.453.414
III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)	(15)	**6.965.298**	**165**	**6.965.463**	**1.230.611**	**68**	**1.230.679**
3.1 Held for Sale		6.965.298	165	6.965.463	1.230.611	68	1.230.679
3.2. Held from Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		**589.172**	**137.914**	**727.086**	**147.786**	**89.787**	**237.573**
4.1 Investments in Associates (Net)	(9)	**282.244**	**2.584**	**284.828**	**139.811**	**2.337**	**142.148**
4.1.1 Associates Accounted by Using Equity Method		271.526	-	271.526	133.745	-	133.745
4.1.2 Unconsolidated Associates		10.718	2.584	13.302	6.066	2.337	8.403
4.2 Subsidiaries (Net)	(10)	**306.928**	**-**	**306.928**	**7.975**	**-**	**7.975**
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	1.738	-	1.738
4.2.2 Unconsolidated Non-Financial Subsidiaries		306.928	-	306.928	6.237	-	6.237
4.3 Joint Ventures (Net)	(11)	**-**	**135.330**	**135.330**	**-**	**87.450**	**87.450**
4.3.1 Jointly Controlled Partnerships Accounted by Using Equity Method		-	135.330	135.330	-	87.450	87.450
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	(16)	**7.516.783**	**271.515**	**7.788.298**	**6.600.795**	**202.960**	**6.803.755**
VI. INTANGIBLE ASSETS (Net)	(19)	**884.317**	**50.831**	**935.148**	**683.280**	**48.426**	**731.706**
6.1 Goodwill		30.723	-	30.723	-	-	-
6.2 Other		853.594	50.831	904.425	683.280	48.426	731.706
VII. INVESTMENT PROPERTY (Net)	(14)	**-**	**-**	**-**	**-**	**-**	**-**
VIII. CURRENT TAX ASSET		**20.386**	**5.083**	**25.469**	**53.287**	**7.336**	**60.623**
IX. DEFERRED TAX ASSET	(20)	**1.191.444**	**123**	**1.191.567**	**1.639.462**	**96**	**1.639.558**
X. OTHER ASSETS (Net)	(22)	**3.856.278**	**1.572.417**	**5.428.695**	**4.234.374**	**3.220.111**	**7.454.485**
TOTAL ASSETS		**439.592.411**	**254.128.814**	**693.721.225**	**349.966.364**	**218.420.632**	**568.386.996**

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2019

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

II- CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five II)	Current Period 31 December 2019			Prior Period 31 December 2018		
LIABILITIES		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(1)	**250.892.192**	**229.036.334**	**479.928.526**	**184.601.759**	**169.773.489**	**354.375.248**
II. FUNDS BORROWED	(3)	**1.667.904**	**32.590.533**	**34.258.437**	**1.196.347**	**33.652.422**	**34.848.769**
III. MONEY MARKET FUNDS	(4)	**28.821.018**	**20.473.527**	**49.294.545**	**56.213.158**	**12.390.480**	**68.603.638**
IV. SECURITIES ISSUED (Net)	(5)	**5.761.229**	**9.831.892**	**15.593.121**	**4.326.776**	**12.617.088**	**16.943.864**
4.1 Bills		2.267.540	279.678	2.547.218	1.761.094	106.896	1.867.990
4.2 Asset Backed Securities		2.482.999	-	2.482.999	1.375.097	-	1.375.097
4.3 Bonds		1.010.690	9.552.214	10.562.904	1.190.585	12.510.192	13.700.777
V. FUNDS		**6.066.464**	**-**	**6.066.464**	**6.073.748**	**-**	**6.073.748**
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		6.066.464	-	6.066.464	6.073.748	-	6.073.748
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		**-**	**-**	**-**	**-**	**-**	**-**
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)	**536.555**	**1.115.646**	**1.652.201**	**1.156.322**	**511.847**	**1.668.169**
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		536.555	1.115.646	1.652.201	1.156.322	511.847	1.668.169
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING PAYABLES		**-**	**-**	**-**	**-**	**-**	**-**
IX. LEASE PAYABLES (Net)	(7)	**668.204**	**104.471**	**772.675**	**-**	**-**	**-**
X. PROVISIONS	(9)	**3.571.025**	**539.769**	**4.110.794**	**4.637.486**	**113.586**	**4.751.072**
10.1 Provisions for Restructuring		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		1.704.127	4.823	1.708.950	1.342.697	4.324	1.347.021
10.3 Insurance Technical Provisions (Net)		-	-	-	1.739.355	-	1.739.355
10.4 Other Provisions		1.866.898	534.946	2.401.844	1.555.434	109.262	1.664.696
XI. CURRENT TAX LIABILITY	(10)	**1.857.191**	**8.489**	**1.865.680**	**1.607.656**	**19.295**	**1.626.951**
XII. DEFERRED TAX LIABILITY	(10)	**34.153**	**5.019**	**39.172**	**-**	**8.669**	**8.669**
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	(11)	**3.061.224**	**-**	**3.061.224**	**-**	**-**	**-**
13.1 Held for Sale		3.061.224	-	3.061.224	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	(12)	**-**	**10.103.295**	**10.103.295**	**-**	**-**	**-**
14. Loans		-	537.338	537.338	-	-	-
14.2 Other Debt Instruments		-	9.565.957	9.565.957	-	-	-
XV. OTHER LIABILITIES	(6)	**9.438.934**	**3.308.655**	**12.747.589**	**8.547.463**	**10.810.430**	**19.357.893**
XVI. SHAREHOLDERS' EQUITY	(13)	**74.397.428**	**(169.926)**	**74.227.502**	**62.844.885**	**(2.715.910)**	**60.128.975**
16.1 Paid-in capital		6.100.000	-	6.100.000	6.100.000	-	6.100.000
16.2 Capital Reserves		(571)	-	(571)	(483)	-	(483)
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		(571)	-	(571)	(483)	-	(483)
16.3. Other Accumulated Comprehensive Income that Will not be Reclassified in Profit or Loss		3.885.618	303.466	4.189.084	4.110.411	67.143	4.177.554
16.4. Other Accumulated Comprehensive Income that Will be Reclassified in Profit or Loss		3.613.096	(1.160.736)	2.452.360	(780.255)	(2.783.053)	(3.563.308)
16.5 Profit Reserves		51.637.732	687.344	52.325.076	37.320.380	-	37.320.380
16.5.1 Legal Reserves		5.049.462	40.119	5.089.581	4.026.361	-	4.026.361
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		46.497.385	34.521	46.531.906	31.732.384	-	31.732.384
16.5.4 Other Profit Reserves		90.885	612.704	703.589	1.561.635	-	1.561.635
16.6 Profit or (Loss)		9.158.560	-	9.158.560	16.092.374	-	16.092.374
16.6.1 Prior Periods' Profit or (Loss)		1.801.735	-	1.801.735	6.748.737	-	6.748.737
16.6.2 Current Period Profit or (Loss)		7.356.825	-	7.356.825	9.343.637	-	9.343.637
16.7 Minority Shares		2.993	-	2.993	2.458	-	2.458
TOTAL LIABILITIES AND EQUITY		**386.773.521**	**306.947.704**	**693.721.225**	**331.205.600**	**237.181.396**	**568.386.996**

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

CONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2019

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

		Note	Current Period			Prior Period		
		(Section	31 December 2019			31 December 2018		
III. CONSOLİDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS		Five III)	TL	FC	Total	TL	FC	Total
A.	**OFF-BALANCE SHEET COMMITMENTS (I+II+III)**		**144.394.170**	**313.003.820**	**457.397.990**	**100.186.509**	**221.199.122**	**321.385.631**
I.	**GUARANTEES AND WARRANTIES**	(1),(3)	**44.163.692**	**87.532.468**	**131.696.160**	**42.358.851**	**89.288.857**	**131.647.708**
1.1	Letters of Guarantee		43.893.079	57.274.344	101.167.423	42.052.714	61.662.493	103.715.207
1.1.1	Guarantees Subject to State Tender Law		1.164.794	13.635.508	14.800.302	1.809.270	13.798.953	15.608.223
1.1.2	Guarantees Given for Foreign Trade Operations		37.831.479	39.002.599	76.834.078	35.394.204	43.373.848	78.768.052
1.1.3	Other Letters of Guarantee		4.896.806	4.636.237	9.533.043	4.849.240	4.489.692	9.338.932
1.2	Bank Acceptances		9.724	8.211.786	8.221.510	26.238	8.290.788	8.317.026
1.2.1	Import Letter of Acceptance		6.517	8.206.747	8.213.264	26.238	8.288.714	8.314.952
1.2.2	Other Bank Acceptances		3.207	5.039	8.246	-	2.074	2.074
1.3	Letters of Credit		255.679	20.137.357	20.393.036	274.137	18.114.396	18.388.533
1.3.1	Documentary Letters of Credit		255.679	20.071.463	20.327.142	274.137	18.008.378	18.282.515
1.3.2	Other Letters of Credit		-	65.894	65.894	-	106.018	106.018
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		-	969.507	969.507	-	202.092	202.092
1.5.1	Endorsements to the Central Bank of Turkey		-	969.507	969.507	-	202.092	202.092
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	2.172	2.172
1.8	Other Guarantees		-	939.474	939.474	-	1.010.273	1.010.273
1.9	Other Warrantees		5.210	-	5.210	5.762	6.643	12.405
II.	**COMMITMENTS**		**53.014.691**	**19.903.469**	**72.918.160**	**36.323.782**	**14.578.481**	**50.902.263**
2.1	Irrevocable Commitments	(1),(3)	53.014.691	14.823.869	67.838.560	36.150.769	10.188.966	46.339.735
2.1.1	Asset Purchase and Sale Commitments		2.134.231	11.571.249	13.705.480	2.192.245	5.070.064	7.262.309
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		7.500	-	7.500	-	-	-
2.1.4	Loan Granting Commitments		11.842.898	32.819	11.875.717	8.547.764	20.980	8.568.744
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		3.852.919	24	3.852.943	2.876.065	37	2.876.102
2.1.8	Tax and Fund Liabilities from Export Commitments		11.509	-	11.509	6.925	-	6.925
2.1.9	Commitments for Credit Card Limits		24.220.013	25.292	24.245.305	13.341.463	22.436	13.363.899
2.1.10	Commitments for Credit Cards and Banking Services Promotions		36.161	-	36.161	23.620	-	23.620
2.1.11	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments		10.909.460	3.194.485	14.103.945	9.162.687	5.075.449	14.238.136
2.2	Revocable Commitments		-	5.079.600	5.079.600	173.013	4.389.515	4.562.528
2.2.1	Revocable Loan Granting Commitments		-	216.573	216.573	-	372.805	372.805
2.2.2	Other Revocable Commitments		-	4.863.027	4.863.027	173.013	4.016.710	4.189.723
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	(2)	**47.215.787**	**205.567.883**	**252.783.670**	**21.503.876**	**117.331.784**	**138.835.660**
3.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Transactions		47.215.787	205.567.883	252.783.670	21.503.876	117.331.784	138.835.660
3.2.1	Forward Foreign Currency Buy/Sell Transactions		3.859.858	4.325.518	8.185.376	2.524.108	3.223.439	5.747.547
3.2.1.1	Forward Foreign Currency Transactions-Buy		1.631.241	2.449.973	4.081.214	1.014.221	1.760.205	2.774.426
3.2.1.2	Forward Foreign Currency Transactions-Sell		2.228.617	1.875.545	4.104.162	1.509.887	1.463.234	2.973.121
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		43.353.905	201.213.855	244.567.760	18.958.168	114.084.371	133.042.539
3.2.2.1	Foreign Currency Swap-Buy		1.417.227	99.048.727	100.465.954	242.703	51.873.780	52.116.483
3.2.2.2	Foreign Currency Swap-Sell		41.796.678	57.948.484	99.745.162	18.715.465	33.664.931	52.380.396
3.2.2.3	Interest Rate Swap-Buy		70.000	22.108.322	22.178.322	-	14.272.830	14.272.830
3.2.2.4	Interest Rate Swap-Sell		70.000	22.108.322	22.178.322	-	14.272.830	14.272.830

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

Convenience translation of publicly announced consolidated financial statements originally issued in Turkish

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

CONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2019

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

		Note	Current Period			Prior Period		
		(Section	31 December 2019			31 December 2018		
III. CONSOLİDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS		Five III)	TL	FC	Total	TL	FC	Total
3.2.3	Foreign Currency, Interest rate and Securities Options		2.024	28.510	30.534	21.600	23.974	45.574
3.2.3.1	Foreign Currency Options-Buy		1.012	14.255	15.267	10.800	11.987	22.787
3.2.3.2	Foreign Currency Options-Sell		1.012	14.255	15.267	10.800	11.987	22.787
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	-	-	-
B.	**CUSTODY AND PLEDGES RECEIVED (IV+V+VI)**		**1.937.445.479**	**248.393.650**	**2.185.839.129**	**1.351.947.272**	**250.674.668**	**1.602.621.940**
IV.	**ITEMS HELD IN CUSTODY**		**806.756.931**	**45.380.242**	**852.137.173**	**484.862.074**	**29.618.131**	**514.480.205**
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		20.517.299	21.575.724	42.093.023	19.513.200	9.949.943	29.463.143
4.3	Checks Received for Collection		10.908.997	1.492.464	12.401.461	10.913.777	1.298.021	12.211.798
4.4	Commercial Notes Received for Collection		11.345.458	946.062	12.291.520	9.935.885	899.959	10.835.844
4.5	Other Assets Received for Collection		8.816	-	8.816	8.816	-	8.816
4.6	Assets Received for Public Offering		738.596.223	-	738.596.223	421.800.764	7.242	421.808.006
4.7	Other Items Under Custody		25.378.489	20.506.340	45.884.829	22.687.433	17.067.264	39.754.697
4.8	Custodians		1.649	859.652	861.301	2.199	395.702	397.901
V.	**PLEDGES RECEIVED**		**1.129.440.550**	**199.704.058**	**1.329.144.608**	**865.830.685**	**218.134.914**	**1.083.965.599**
5.1	Marketable Securities		3.353.935	1.296.711	4.650.646	2.419.375	1.439.047	3.858.422
5.2	Guarantee Notes		16.780.956	5.436.821	22.217.777	17.840.388	4.474.610	22.314.998
5.3	Commodity		2.428.499	639.362	3.067.861	2.371.854	452.978	2.824.832
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		895.452.305	125.862.426	1.021.314.731	756.841.771	153.479.598	910.321.369
5.6	Other Pledged Items		211.419.646	66.447.078	277.866.724	86.352.088	58.269.304	144.621.392
5.7	Pledged Items-Depository		5.209	21.660	26.869	5.209	19.377	24.586
VI.	**ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES**		**1.247.998**	**3.309.350**	**4.557.348**	**1.254.513**	**2.921.623**	**4.176.136**
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		**2.081.839.649**	**561.397.470**	**2.643.237.119**	**1.452.133.781**	**471.873.790**	**1.924.007.571**

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF 31 DECEMBER 2019

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

	IV. CONSOLIDATED STATEMENT OF PROFIT OR LOSS INCOME AND EXPENSE ITEMS	Note (Section Five IV)	Current Period 1 January-31 December 2019	Prior Period 1 January-31 December 2018
I.	INTEREST INCOME	(1)	69.718.782	56.134.708
1.1	Interest on Loans		56.075.144	43.353.615
1.2	Interest Received from Reserve Deposits		479.203	734.653
1.3	Interest Received from Banks		355.434	493.737
1.4	Interest Received from Money Market Transactions		9.568	33.749
1.5	Interest Received from Marketable Securities Portfolio		12.221.439	11.121.497
1.5.1	Financial Assets at Fair Value Through Profit or Loss		32.390	6.693
1.5.2	Financial Assets at Fair Value through Other Comprehensive Income		10.837.254	10.013.039
1.5.3	Financial Assets Measured at Amortized Cost		1.351.795	1.101.765
1.6	Financial Lease Interest Income		380.566	271.810
1.7	Other Interest Income		197.428	125.647
II.	INTEREST EXPENSE (-)	(2)	41.903.049	32.269.251
2.1	Interest on Deposits		29.099.627	20.535.591
2.2	Interest on Funds Borrowed		1.747.982	1.501.841
2.3	Interest on Money Market Transactions		8.939.821	8.816.678
2.4	Interest on Securities Issued		1.757.446	1.261.636
2.5	Financial Lease Interest Expenses		119.410	23
2.6	Other Interest Expenses		238.763	153.482
III.	NET INTEREST INCOME (I - II)		27.815.733	23.865.457
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		3.239.834	2.694.706
4.1	Fees and Commissions Received		5.428.248	3.863.598
4.1.1	Non-cash Loans		1.025.162	745.087
4.1.2	Other		4.403.086	3.118.511
4.2	Fees and Commissions Paid		2.188.414	1.168.892
4.2.1	Non-cash Loans		4.071	510
4.2.2	Other		2.184.343	1.168.382
V.	DIVIDEND INCOME	(3)	25.972	4.808
VI.	TRADING PROFIT/(LOSS) (Net)	(4)	(7.754.939)	(3.801.156)
6.1	Profit/Losses from Capital Market Transactions		226.967	10.859
6.2	Profit/Losses from Derivative Financial Transactions		(8.570.364)	(4.068.267)
6.3	Foreign Exchange Profit/Losses		588.458	256.252
VII.	OTHER OPERATING INCOME	(5)	2.163.955	3.450.126
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		25.490.555	26.213.941
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	(6)	7.214.540	5.154.583
X.	OTHER PROVISION EXPENSES (-)	(6)	275.487	71.106
XI.	PERSONNEL EXPENSE (-)		3.813.756	3.175.068
XII.	OTHER OPERATING EXPENSES (-)	(7)	6.602.596	5.983.608
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		7.584.176	11.829.576
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		84.273	46.756
XVI.	PROFIT/(LOSS) ON NET MONETARY POSITION		-	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)	(8)	7.668.449	11.876.332
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(1.776.755)	(2.532.212)
18.1	Current Tax Provision		(3.068.013)	(2.721.984)
18.2	Expense Effect of Deferred Tax (+)		(3.379.831)	(2.726.149)
18.3	Income Effect of Deferred Tax (-)		4.671.089	2.915.921
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)	(10)	5.891.694	9.344.120
XX.	INCOME FROM DISCONTINUED OPERATIONS		4.692.070	-
20.1	Income from Assets Held for Sale		4.692.070	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Income from Other Discontinued Operations		-	-
XXI.	EXPENSES FOR DISCONTINUED OPERATIONS (-)		2.890.574	-
21.1	Expenses on Assets Held for Sale		2.890.574	-
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)	(8)	1.801.496	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(9)	(335.716)	-
23.1	Current Tax Provision		(340.887)	-
23.2	Expense Effect of Deferred Tax (+)		-	-
23.3	Income Effect of Deferred Tax (-)		5.171	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	(10)	1.465.780	-
XXV.	NET PROFIT/(LOSS) (XVIII+XXIII)	(11)	7.357.474	9.344.120
25.1	Profit/(Loss) from the Group		7.356.825	9.343.637
25.2	Profit/(Loss) from Minority Shares		649	483
	Earnings/(Loss) per share (in TL full)		1,206	1,647

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

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

	V. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Current Period 1 January-31 December 2019	Prior Period 1 January-31 December 2018
I.	CURRENT PERIOD PROFIT/LOSS	7.357.474	9.344.120
II.	OTHER COMPREHENSIVE INCOME	5.837.460	(3.401.517)
2.1	Other Comprehensive Income That Will Not be Reclassified to Profit or Loss	(177.427)	521.447
2.1.1	Property and Equipment Revaluation Increase/Decrease	(360.951)	(107.965)
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	(34.864)	75.582
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	321.826	679.067
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(103.438)	(125.237)
2.2	Other Comprehensive Income That Will be Reclassified to Profit or Loss	6.014.887	(3.922.964)
2.2.1	Foreign Currency Translation Differences	105.265	523.104
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	7.575.936	(5.425.064)
2.2.3	Cash Flow Hedge Income/Expense	-	-
2.2.4	Foreign Net Investment Hedge Income/Expense	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	(1.666.314)	978.996
III.	TOTAL COMPREHENSIVE INCOME (I+II)	13.194.934	5.942.603

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

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

	VI. CONSOLIDATED 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)	Shareholders' Equity Before Minority Interest	Minority Shares	Total Equity
						1	2	3	4	5	6						
	Current Period 31 December 2019																
I.	Balance at the beginning of the period	6.100.000	-	-	(483)	3.966.201	(32.536)	243.889	2.643.725	(6.207.033)	-	37.320.380	16.092.374		60.126.517	2.458	60.128.975
II.	Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New balance (I+II)	6.100.000	-	-	(483)	3.966.201	(32.536)	243.889	2.643.725	(6.207.033)	-	37.320.380	16.092.374	-	60.126.517	2.458	60.128.975
IV.	Total comprehensive income (loss)	-	-	-	-	(324.856)	(27.891)	175.320	105.265	5.909.736	-	-	-	7.356.825	13.194.399	535	13.194.934
V.	Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII	Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase (decrease) through other changes, equity	-	-	-	(88)	188.957	-	-	-	667	-	138.686	575.371	-	903.593	-	903.593
XI.	Profit distribution	-	-	-	-	-	-	-	-	-	-	14.866.010	(14.866.010)	-	-	-	-
11.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	14.794.507	(14.794.507)	-	-	-	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	71.503	(71.503)	-	-	-	-
	Balance at the end of the period (III+IV+......+X+XI)	6.100.000	-	-	(571)	3.830.302	(60.427)	419.209	2.748.990	(296.630)	-	52.325.076	1.801.735	7.356.825	74.224.509	2.993	74.227.502

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

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

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

	VI. CONSOLIDATED 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)	Shareholders' Equity Before Minority Interest	Minority Shares	Total Equity
						1	2	3	4	5	6						
	Prior Period 31 December 2018																
I.	Balance at the beginning of the period	5.600.000	-	-	(252)	4.064.351	(95.521)	831.263	2.120.621	(1.767.831)	-	29.660.259	8.068.601	-	48.481.491	1.665	48.483.156
II.	Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	2.402	-	-	5.401.136	-	5.403.538	-	5.403.538
2.1	Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	2.402	-	-	5.401.136	-	5.403.538	-	5.403.538
III.	New balance (I+II)	5.600.000	-	-	(252)	4.064.351	(95.521)	831.263	2.120.621	(1.765.429)	-	29.660.259	13.469.737	-	53.885.029	1.665	53.886.694
IV.	Total comprehensive income (loss)	-	-	-	-	(98.150)	62.985	556.612	523.104	(4.446.378)	-	-	-	9.343.637	5.941.810	793	5.942.603
V.	Capital increase in cash	500.000	-	-	-	-	-	-	-	-	-	-	-	-	500.000	-	500.000
VI.	Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII	Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase (decrease) through other changes, equity	-	-	-	(231)	-	-	(1.143.986)	-	4.774	-		1.219.121	-	79.678	-	79.678
XI.	Profit distribution	-	-	-	-	-	-	-	-	-	-	7.660.121	(7.940.121)	-	(280.000)	-	(280.000)
11.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	(280.000)	-	(280.000)	-	(280.000)
11.2	Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	7.582.399	(7.582.399)	-	-	-	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	77.722	(77.722)	-	-	-	-
	Balance at the end of the period (III+IV+......+X+XI)	6.100.000	-	-	(483)	3.966.201	(32.536)	243.889	2.643.725	(6.207.033)	-	37.320.380	6.748.737	9.343.637	60.126.517	2.458	60.128.975

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

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

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

4. Exchange Differences on Translation

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

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

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

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS AS OF 31 DECEMBER 2019

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

VII. CONSOLIDATED STATEMENT OF CASH FLOWS		Note (Section Five VI)	Current Period 1 January-31 December 2019	Prior Period 1 January-31 December 2018
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		(10.191.268)	1.892.753
1.1.1	Interest Received		62.716.085	50.363.075
1.1.2	Interest Paid		(41.250.106)	(30.573.694)
1.1.3	Dividend Received		20.155	4.808
1.1.4	Fees and Commissions Received		5.428.493	3.863.598
1.1.5	Other Income		3.063.653	3.450.126
1.1.6	Collections from Previously Written-off Loans and Other Receivables		2.496.293	1.183.842
1.1.7	Cash Payments to Personnel and Service Suppliers		(4.317.186)	(3.800.553)
1.1.8	Taxes Paid		(5.277.471)	(3.096.364)
1.1.9	Other		(33.071.184)	(19.502.085)
1.2	Changes in Operating Assets and Liabilities		29.142.260	21.173.587
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		4.821.736	(6.724.201)
1.2.2	Net (increase)/decrease in due from banks and other financial institutions		(9.601.642)	9.211.129
1.2.3	Net (increase)/decrease in loans		(69.729.045)	(70.080.799)
1.2.4	Net (increase)/decrease in other assets		2.554.398	(7.432.023)
1.2.5	Net increase/(decrease) in bank deposits		6.184.517	22.343.023
1.2.6	Net increase/(decrease) in other deposits		119.631.420	61.520.023
1.2.7	Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss		(37.668)	1.119.259
1.2.8	Net increase/(decrease) in funds borrowed		(1.412.395)	3.573.693
1.2.9	Net increase/(decrease) in matured payables		-	-
1.2.10	Net increase/(decrease) in other liabilities		(23.269.061)	7.643.483
I.	**Net Cash Provided from Banking Operations**		**18.950.992**	**23.066.340**
B.	CASH FLOWS FROM INVESTMENT ACTIVITIES			
II.	**Net Cash Provided from Investing Activities**		**(23.539.257)**	**(15.687.718)**
2.1	Cash paid for acquisition of investments, associates and subsidiaries		(50.592)	(49.535)
2.2	Cash obtained from disposal of investments, associates and subsidiaries		-	-
2.3	Purchases of tangible assets		(1.835.246)	(421.891)
2.4	Disposals of tangible assets		499.160	304.933
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(44.506.253)	(26.780.508)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income		21.731.937	11.929.917
2.7	Purchase of Financial Assets Measured at Amortized Cost		(11.191.088)	(3.515.803)
2.8	Sale of Financial Assets Measured at Amortized Cost		3.875.246	2.631.165
2.9	Other		7.937.579	214.004
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	**Net Cash Provided from Financing Activities**		**6.319.753**	**2.061.980**
3.1	Cash Obtained from Funds Borrowed and Securities Issued		24.358.844	9.555.088
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(17.669.126)	(7.993.108)
3.3	Issued Equity Instruments		-	500.000
3.4	Dividends Paid		-	-
3.5	Payments for Lease Liabilities		(369.965)	-
3.6	Other		-	-
IV.	**Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents**	(1)	**2.024.161**	**5.015.333**
V.	**Net Decrease/Increase in Cash and Cash Equivalents (I+II+III+IV)**		**3.755.649**	**14.455.935**
VI.	**Cash and Cash Equivalents at the Beginning of the Period**	(1)	**28.295.446**	**13.839.511**
VII.	**Cash and Cash Equivalents at the End of the Period**	(1)	**32.051.095**	**28.295.446**

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

NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION AS OF 31 DECEMBER 2019

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

VIII. PROFIT DISTRIBUTION STATEMENT (*)		Current Period 31 December 2019	Prior Period 31 December 2018
I.	DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	Current Year Income	7.648.114	10.033.684
1.2	Taxes And Duties Payable (-)(**)	2.738.530	2.242.602
1.2.1	Corporate Tax (Income tax)	2.738.530	2.242.602
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	-	-
A.	**NET INCOME FOR THE YEAR (1.1-1.2)**	**4.909.584**	**7.791.082**
1.3	Prior Year Losses (-)	-	-
1.4	First Legal Reserves (-)	-	389.554
1.5	Other Statutory Reserves (-)	-	-
B.	**NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]**	**4.909.584**	**7.401.528**
1.6	First Dividend To Shareholders (-)	-	-
1.6.1	To Owners Of Ordinary Shares	-	-
1.6.2	To Owners Of Privileged Shares	-	-
1.6.3	To Owners Of Preferred Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders Of Profit And Loss Sharing Certificates	-	-
1.7	Dividends To Personnel (-)	-	-
1.8	Dividends To Board Of Directors (-)	-	-
1.9	Second Dividend To Shareholders (-)	-	-
1.9.1	To Owners Of Ordinary Shares	-	-
1.9.2	To Owners Of Preferred Shares	-	-
1.9.3	To Owners Of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders Of Profit And Loss Sharing Certificates	-	-
1.10	Statutory Reserves (-)	-	-
1.11	Extraordinary Reserves	-	7.401.528
1.12	Other Reserves	-	-
1.13	Special Funds		
II.	DISTRIBUTION OF RESERVES		
		-	-
2.1	Appropriated Reserves	-	-
2.2	Dividends To Shareholders (-)	-	-
2.2.1	To Owners Of Ordinary Shares	-	-
2.2.2	To Owners of Preferred Shares	-	-
2.2.3	To Owners of Preferred Shares (Preemptive Rights)	-	-
2.2.4	To Profit Sharing Bonds	-	-
2.2.5	To Holders Of Profit And Loss Sharing Certificates	-	-
2.3	Dividends To Personnel (-)	-	-
2.4	Dividends To Board Of Directors (-)	-	-
III.	EARNINGS PER SHARE		
3.1	To Owners Of Ordinary Shares	0,8048	1,3735
3.2	To Owners Of Ordinary Shares (%)	80,48	137,35
3.3	To Owners Of Privileged Shares	-	-
3.4	To Owners Of Privileged Shares (%)	-	-
IV.	DIVIDEND PER SHARE		
		-	-
4.1	To Owners Of Ordinary Shares	-	-
4.2	To Owners Of Ordinary Shares (%)	-	-
4.3	To Owners Of Privileged Shares	-	-
4.4	To Owners Of Privileged Shares (%)	-	-

(*) Profit distribution is approved by the Ordinary General Assembly. As of the date of the preparation of financial statements, the meeting for Ordinary General Assembly has not been held.

(**) The deferred tax benefit amounted TL 1.277.304 is not taken into account in profit distribution (31 December 2018: The deferred tax benefit amounted TL 169.856 is not taken into account in profit distribution)

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

The consolidated 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 consolidated 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.

Financial statements of subsidiaries in abroad are prepared in accordance with prevalent law and legislation in their country, adjustments and reclassifications are reflected on the purpose of fair presentation pursuant to Reporting Standards.

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

Changes in Accounting Policies

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

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

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

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

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TFRS 16 Leases Standard Transition Effect

	31 December 2018	TFRS 16 Reclassification Effect	TFRS 16 Transition Effect	1 January 2019
Tangibles (Net)	6.252.971	17.201	620.838	6.891.010
Intangibles (Net)	488.666	-	92.651	581.317
Other Assets (Net)	7.508.585	(17.201)	-	7.491.384
Lease Payables (Net) (*)	-	-	713.489	713.489

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

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

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

Loans and securities are instruments from which the Parent 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 Parent Bank's total debt to the market is low among its total liabilities, the Parent 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 Parent Bank is not presumed to be significantly affected from liquidity risk since the Parent 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 the Bank's prevailing counter currency buying rate at transaction date and reflected to records. At period ends, foreign currency asset and liability balances are valued at the Bank's period end counter currency buying rates and converted to Turkish currency and the resulting exchange differences are recognized as a "foreign exchange profit or loss".

As of 1 October 2018, the Parent Bank is protected from the net investment risk of foreign currency exchange rates on the subsidiaries in which capital is allocated abroad, with foreign currency funds (hedging instrument). In this context, it shows the foreign exchange differences arising from the funds in Euro in the current period in the equity.

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

III. INFORMATION ON CONSOLIDATED SUBSIDIARIES

1. Consolidation Principles Applied

The consolidated financial statements have been prepared in accordance with the procedures listed in the "Communiqués related to the Regulation on the Preparation of the Consolidated Financial Statements of Banks" published in the Official Gazette No. 26340 dated 8 November 2006 and the "Consolidated Financial Statements" ("TFRS 10").

1.1. Consolidation Principles for Subsidiaries

Subsidiaries are all entities, in which the Group has power to control the financial and operating policies for the benefit of the Parent Bank, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the using rights, otherwise having the power to exercise control over the financial and operating policies.

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

Control is evident when the Parent Bank owns, either directly or indirectly, the majority of the share capital of the company or owns the privileged shares or owns the right of controlling the operations of the company in accordance with the agreements made with other shareholders or owns the right of appointment or the designation of the majority of the board of directors of the company.

Subsidiaries are consolidated with full consolidation method by considering the outcomes of their activities and the size of their assets and shareholders' equity in scope of the materiality principle. Subsidiaries are got into the scope of consolidation from the date when the control on its activities is transferred to group and they are excluded from the scope of consolidation from the date when the control is disappeared. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In accordance with the full consolidation method, balance sheet, profit or loss statement and off balance sheet items of the subsidiaries have been consolidated line by line with the balance sheet, profit or loss statement and off balance sheet of the Parent Bank. The book value of the investments of the Group in each subsidiary has been netted off with the portion of each subsidiary's capital that belongs to the Group. Unrealized gains and losses and balances resulting from the transactions among the subsidiaries included in consolidation have been eliminated. In order to determine the net income of the Group, minority shares in the net income of the consolidated subsidiaries have been identified and deducted from the net income of the subsidiary. In the consolidated balance sheet, minority shares have been presented separately from the liabilities and the shares of the Group shareholders. Also, in the statement of profit or loss, minority shares have been presented separately.

As of the balance sheet date, Ziraat Sigorta A.Ş. and Ziraat Hayat ve Emeklilik A.Ş. recognized in the "Assets Held for Sale and Discontinued Operations" account and has been consolidated through the accounts subject to sales transactions.

The subsidiaries included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

			31 December 2019		31 December 2018	
Title	Address (City/Country)	Main Activities	Parent Bank's Share Percentage (%)	Parent Bank's Risk Group Share Percentage (%)	Parent Bank's Share Percentage (%)	Parent Bank's Risk Group Share Percentage (%)
Ziraat Hayat ve Emeklilik A.Ş. (***)	İstanbul/Turkey	Insurance	100,00	100,00	100,00	100,00
Ziraat Sigorta A.Ş. (***)	İstanbul/Turkey	Insurance	100,00	100,00	100,00	100,00
Ziraat Finansal Kiralama A.Ş.	İstanbul/Turkey	Leasing	-	-	100,00	100,00
Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	Brokerage Houses	99,60	99,60	99,60	99,60
Ziraat Portföy Yönetimi A.Ş. (**)	İstanbul/Turkey	Portfolio Management	99,70	99,80	99,70	99,80
Ziraat Katılım Bankası A.Ş.(*)	İstanbul/Turkey	Banking	100,00	100,00	100,00	100,00
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	Real Estate	100,00	100,00	100,00	100,00
Ziraat Girişim Sermayesi Ortaklığı A.Ş.	İstanbul/Turkey	Venture Capital	100,00	100,00	100,00	100,00
Ziraat Bank International AG	Frankfurt/Germany	Banking	100,00	100,00	100,00	100,00
Ziraat Bank BH d.d.	Sarajevo/Bosnia and Herzegovina	Banking	100,00	100,00	100,00	100,00
Ziraat Bank (Moscow) JSC	Moscow/Russia	Banking	100,00	100,00	100,00	100,00
Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	Banking	99,58	99,58	99,58	99,58
Ziraat Bank Azerbaycan ASC	Baku/Azerbaijan	Banking	100,00	100,00	100,00	100,00
Ziraat Bank Montenegro AD	Podgorica/Montenegro	Banking	100,00	100,00	100,00	100,00
JSC Ziraat Bank Georgia	Tbilisi/Georgia	Banking	100,00	100,00	100,00	100,00
Ziraat Bank Uzbekistan JSC	Tashkent/Uzbekistan	Banking	100,00	100,00	100,00	100,00

(*) With the decision of the Banking Regulation and Supervision Agency dated 18 January 2019, numbered 8210 and based on the Board of Directors decision of Ziraat Katılım Bankası A.Ş. dated 18 October 2018, numbered 34/19; Ziraat Finansal Kiralama A.Ş. was transferred to Ziraat Katılım Bankası A.Ş. by dissolving it in a liquidated manner with all assets and liabilities over the balance sheet date and they are united under the roof of Ziraat Katılım Bankası A.Ş. The merger was registered with the Istanbul Registry of Commerce on 1 March 2019.

(**) In accordance with the share transfer agreement dated 19 December 2018, following the completion of the prerequisites, on 31 January 2019 the company acquired 100% of the shares of T. Halk Bankası A.Ş., Halk Yatırım Menkul Değerler A.Ş. and Halk Finansal Kiralama A.Ş., holds the 100% share of Halk Portföy Yönetimi A.Ş. and T. Vakıflar Bankası T.A.O. holds the 100% share of Vakıf Portföy Yönetimi A.Ş.

(***) The Parent Bank commenced negotiations with the Turkish Wealth Fund in relation to the transfer to a new company to be established by the Turkish Wealth Fund (the "*Purchaser*") of the 99.97% shares in Ziraat Sigorta A.Ş. and 99.97% of the shares Ziraat Hayat ve Emeklilik A.Ş. After obtaining the necessary permissions and completing the share of transfers, the general assembly resolutions of the companies in question will be taken and legal procedures and procedures will be completed. In this context, as of the balance sheet date, the mentioned companies are classified as "Assets Held for Sale and Discontinued Operations".

1.2. Consolidation Principles of Associates and Joint Ventures

An associate is a partnership with which the Parent Bank participates in its capital and has significant effect on it although it has no capital or management control, whose main operation is banking and which operates according to special legislation with permission and license and is established abroad. The related associate is consolidated with equity method in accordance with materiality principle. Significant effect refers to the participation power on the constitution of the financial and management policies of the participated associate. If the Parent Bank has 10% or more voting right on the associate, as long as it is not proved otherwise, it will be accepted that the Parent Bank has significant effect on that associate. Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in an associate from the changed amount in the associate participating shareholder's equity during the period by the portion of the participant and the deduction of the dividend from the associate from the changed value of the associate amount. The associates and joint ventures consolidated with the equity method, their title, place of incorporation, main activities, effective shareholding rates and direct and indirect shareholding rates are as follows:

			31 December 2019		31 December 2018	
Title	Address (City/Country)	Main Activities	Parent Bank's Share Percentage (%)	Parent Bank's Risk Group Share Percentage (%)	Parent Bank's Share Percentage (%)	Parent Bank's Risk Group Share Percentage (%)
Turkmen Turkish Joint Stock Commercial Bank	Ashkhabad/Turkmenistan	Banking	50,00	50,00	50,00	50,00
Arap Türk Bankası A.Ş.	İstanbul/Turkey	Banking	15,43	15,43	15,43	15,43

1.3. Principles Applied During Share Transfer, Merger and Acquisition

Acquisition of entities are accounted by the purchase method on the date of purchase when the control is being transferred to the Group. Control explains managing power of Group on entity's financial and operational policies for the purpose of providing benefit from operations of entity. While evaluating control, executable potential voting rights are taken consideration by Group.

1.4. Transactions with Minority Shareholders

The Group considers transactions with minority shareholders as transactions within the Parent Bank. For acquisitions from minority shareholders, the difference between the acquisition cost and related portion of net assets' booked value is deducted from equity. Profit or loss resulting from sales to minority shareholders is booked under equity.

1.5. Presentation of Unconsolidated Subsidiaries and Associates in Consolidated Financial Statements

Turkish lira denominated consolidated associates and subsidiaries are booked at cost value, less any impairment if any, and recognized in the consolidated financial statement

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

The Group'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 Parent Bank has no embedded derivative instruments separated from the articles of association.

Derivative financial instruments of the Group are classified under "TFRS 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 recognized in the off-balance sheet commitments with their contractual values.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

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

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

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

Total of minimum rental payments including interests and principals are recorded under "financial lease receivables" as gross. The interest which is the difference between the total of rental payments and the cost of the related tangible asset is recorded under "unearned income". When the rent payment incurs, the rent amount is deducted from "financial lease receivables"; and the interest portion is recorded as interest income in the profit or loss statement.

Profit share income is accounted for by applying the internal rate of return method. Expense accruals are calculated according to the unit value calculation method over the participation accounts.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

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

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

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

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 Group, if the Group is a legal party to these instruments.

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

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

Classification and measurement within the Scope of TFRS 9

In accordance with TFRS 9 Financial Instruments Standard, financial assets are measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss by;
- The business model used by the entity for the management of financial assets,
- Properties of contractual cash flows of a financial asset.

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

Financial assets at fair value through profit or loss

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

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

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

Financial assets at fair value through other Comprehensive Income

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

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

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 Parent Bank, there exist ineffective shares of Kredi Garanti Fonu, Türk Ticaret Bankası in liquidation, Borsa İstanbul, Borica Bank Services AD, Central Bank of the Republic of Turkey and Milli Reasürans T.A.Ş. The related investments are classified under financial assets at fair value through other comprehensive income and are carried at book value.

Financial Assets Measured at Amortized Cost

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

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

In the "Fair value through other comprehensive income" and "measured at amortized cost" securities portfolio of the Group, there are Consumer Price Indexed (CPI) Bonds. Valuations of these securities within the year are made based on the effective interest rate method based on the real coupon rates and the index created based on the treasury reference index and estimated inflation rate. The actual coupon payment amounts of these assets are used in the purchase and sales transactions and the index values announced by the treasury in the year-end valuation. Index calculations related to CPI securities are made by the method specified in the CPI Indexed Bonds Investor Guide of the T.C. Ministry of Treasury and Finance.

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

Loans

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

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

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Explanations on Expected Loss Provisions

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

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

Impairment

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

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

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

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

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

12 Month Expected Credit Losses (Stage 1)

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

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

Significant Increase in Credit Risk (Stage 2)

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

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

Credit-Impaired Losses (Stage 3)

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

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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.

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

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

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

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

Probability of Default

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

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

Default Amount

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

Loss Given Default

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

Future Expectations

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

The Methodology of Behavioral Maturity Calculation

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

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IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Group 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.

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 Group to which they belong. Funds obtained under repurchase agreements are accounted under "Funds provided under repurchase agreements" in liability accounts and differences between the sale and repurchase prices determined by these repurchase agreements are accrued evenly over the life of the repurchase agreement using the "Effective interest (internal return) method".

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

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

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

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

The properties obtained from the Group's receivables are shown at the Non-current assets or disposal groups "held for sale" and "from discontinued operations" line according to the execution of the forward sales agreement.

A discontinued operation is a part of an entity which is classified as to be disposed or held for sale. The results related to discontinuing operations are presented separately in the profit or loss statement.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill; is the difference between the acquisition cost the fair value of the identifiable assets, liabilities and contingent liabilities of the acquisition and it represents the payment that the acquirer expects to benefit in the future from assets that are not individually identifiable and separately accountable. Assets which are not included in the financial statements of the business purchased in business combinations; however, that are capable of being separated from goodwill, intangible assets and/or contingent liabilities are reflected to the financial statements with their fair values. As of the date of balance sheet, the Group has goodwill amounting to TL 30.723 thousand in its financial statements.

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

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

The Group 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 Parent Bank has determined estimated useful lives of the intangible assets between 3 and 15 years and it applies depreciation rates between 33,3% to 6,7%.

XIII. EXPLANATIONS ON TANGIBLE ASSETS

Tangible assets are measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. As of 31 January 2014, the Parent 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 Parent Bank's inventory, appraisal study was carried by independent expertise companies, and from 31 December 2016 valuation results are reflected in the accounting records. As of 30 January 2014, the net book amount of real estates of the tangible assets before valuation was TL 816.950. As of 31 December 2016 the valuation studies have been done and valuation results are reflected to accounting records. As of 31 December 2019, the fair value difference of the net real estates amounting to TL 3.641.345 is followed under shareholders' equity.

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

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

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

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

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

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Leases in Accordance with TFRS 16

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

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

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

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

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

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The Group, 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.

Subject to financial leasing in the consolidated balance sheet of the entity is shown as a receivable equal to net leasing. The interest income is determined so as to form a fixed revenue return ratio using net investment method related to lease asset of the lessor, and the portion of interest income which does not take part in the related term is followed under the unearned interest income account

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".

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 Group 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 Parent Bank cannot be made, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the financial statements.

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

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

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

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

Employment Termination and Vacation Benefits

The Group 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 Group and social security institution, retirement bonus pension/severance payments are calculated for the hours that the personnel has worked. Employment termination is calculated based on actuarial assumptions. These assumptions based on the calculation are below:

The Parent Bank uses independent actuaries in determining liability, and also makes assumptions about issues such as discount rate and inflation. As of 31 December 2019, retirement benefit obligation is TL 1.052.901 (31 December 2018: TL 836.363).

	Current Period	Prior Period
Discount Rate	12,15%	16,30%
Inflation	8,68%	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 60.427 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 Parent Bank is not employing its personnel by means of limited-period contracts.

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

Some of the Parent Bank and Ziraat Katılım Bankası A.Ş. 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. As of 31 December 2019 the number of personnel who benefit from the Fund, excluding dependents, is 23.720 (31 December 2018: 23.308). 19.832 of these members are active while 3.888 are passive members. (31 December 2018: 19.458 active members, 3.850 passive members).

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.

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 reassurance 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 2019 which is prepared in accordance with the new law and the rate determined as 9,80%, concluded no technical deficit arises in the above mentioned fund. Since the Parent 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 Parent Bank's financial statements.

XVII. EXPLANATIONS ON TAXATION

Current Tax

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

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

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

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

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

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

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

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

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

Tax rates used in tax calculation considering the related countries' tax legislation as of 31 December 2019 are presented below:

Russia	20%
Kazakhstan	20%
Germany	15%
Bosnia Herzegovina	10%
Azerbaijan	20%
Montenegro	9%
Georgia	15%
Uzbekistan	20%

Deferred Tax

In accordance with TAS 12 "Turkish Accounting Standards Relating to Income Tax", the Parent 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.

XVIII. EXPLANATIONS ON INSURANCE TECHNICAL RESERVES

Technical Reserves

Reserve for Unearned Premiums

Reserve for unearned premiums represents the proportions of the premiums written in a period that relate to the period of risk subsequent to the balance sheet date, without deductions of commission or any other expense.

Reserve for Outstanding Claims

Insurance companies provide reserve for outstanding claims, incurred and reported but not yet settled in the current or previous years based on reported balances or estimates when actual balances are not exactly known and incurred but not yet reported claims. Within the calculation of reserve for outstanding claims, incurred and reported but not yet settled, entire shares of expense required for maturation of compensation reports including calculated or estimated expert, referee, consultant, court and communication expenses are taken into account and subrogation, salvage and similar revenue items are not discounted. Incurred subrogation, salvage and similar revenue items whose codes of practice will be determined by the undersecretariat are shown under the related credit account of the asset side of the balance sheet and interrelated with period income in condition that subrogation of rights has been gained.

Mathematical Provisions

Mathematical provisions indicate sum of bonus provisions and actuarial mathematical provisions calculated separately according to technical principles in tariff for each agreement in force. Life branch mathematical provision of the company consists of actuarial mathematical provisions calculated for long-term life insurances on credit. Actuarial mathematical provisions are the differences between risk premiums taken for risks undertaken by the Company and cash values of the liabilities to beneficiaries and insurants.

XIX. EXPLANATIONS ON BORROWINGS

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

If required, the Group 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 Group has issued no convertible bonds and has no instruments representing its own borrowings.

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

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

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

Commitments regarding bill guarantees and acceptances of the Group are presented in the "Off-Balance Sheet" commitments.

XXII. EXPLANATIONS ON GOVERNMENT GRANTS

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

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XXIII. CASH AND CASH EQUIVALENTS

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

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

XXIV. EXPLANATIONS ON SEGMENT REPORTING

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

XXV. EXPLANATIONS ON OTHER MATTERS

Explanation on Profit Distribution

It was proposed to set aside the general legal reserve TL 389.554 from the net profit for the period of TL 7.960.938; to keep TL 7.401.528 remaining from the distributions in the Parent Bank; to set aside the legal reserve of TL 334.268 from the accumulated profit of TL 6.685.358 remaining after deducting TL 37.639 which is the negative valuation difference balance that is monitored in the fund account under the equity, that is required to be liquidated in accordance with TFRS 9 Standard, and that resulted from the reclassification of a party of securities in 2008, and TL 11.370, which is the amount of the tax provision for real estate sales revenues monitored in the special fund account, from the total of TL 5.518.877, which is monitored in the accumulated profits and which was created by the recalculation of the provisions in accordance with the regulations of the Turkish Financial Reporting Standard called "TFRS 9 Financial Instruments" that started to be implemented as of 1 January 2018, of TL 1.143.986, which is the sales revenue of certain share certificates in the Bank's portfolio, and of TL 71.503, which is the part of the real estate sales revenues that subjects to the profit distribution, and to transfer the remaining amount of TL 6.351.090 to the extraordinary reserves; to transfer TL 52.640, which is the part of 50% of the sales revenue from the real estate sold in 2018, to the other reserves so as to be monitored in a special fund account; and to transfer TL 280.000, which was set aside from the profit for 2017 to be paid to the shareholder, to the extraordinary reserves in accordance with the resolution made at the General Assembly Meeting for 2017.

SECTION FOUR

EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT

I. EXPLANATIONS ON THE COMPONENTS OF CONSOLIDATED 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 December 2019, the Group's total capital has been calculated as TL 88.375.572 (31 December 2018: TL 63.884.017), capital adequacy ratio is 16,39% (31 December 2018: 14,23%). This ratio is well above the minimum ratio required by the legislation.

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

1. Information Related to The Components of Shareholders' Equity

	Current Period	Amount as per the regulation before 01/01/2014*
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	6.100.000	-
Share issue premiums	-	-
Reserves	52.325.076	-
Gains recognized in equity as per TAS	6.981.113	-
Profit	9.158.560	-
Current Period Profit	7.356.825	-
Prior Period Profit	1.801.735	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	17.388	-
Minority Shares	309	
Common Equity Tier 1 Capital Before Deductions	**74.582.446**	**-**
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	357.628	-
Improvement costs for operating leasing	49.402	-
Goodwill (net of related tax liability)	30.723	30.723
Other intangibles other than mortgage-servicing rights (net of related tax liability)	904.425	904.425
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	-	-

	Current Period	Amount as per the regulation before 01/01/2014*
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions from Common Equity Tier I Capital	**1.342.178**	**-**
Total Common Equity Tier I Capital	**73.240.268**	**-**
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	9.783.918	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Third parties' share in the Additional Tier I capital - -	-	-
Third parties' share in the Additional Tier I capital (Covered by Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	**9.783.918**	**-**
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 Consolidated 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	**9.783.918**	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	**83.024.186**	**-**
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)	-	-
Third parties' share in the secondary capital	-	-
Third parties' share in the secondary capital (Covered by Temporary Article 3)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	5.447.631	-
Tier II Capital Before Deductions	**5.447.631**	-
Deductions from Tier II Capital		-
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	**-**
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	**-**	-
Total Tier II Capital	**5.447.631**	**-**
Total Capital (The sum of Tier I Capital and Tier II Capital)	**88.471.817**	**-**

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

	Current Period	Amount as per the regulation before 01/01/2014*
Total Tier I Capital and Tier II Capital (Total Equity)	**88.471.817**	**-**
Loans Granted against the Articles 50 and 51 of the Banking 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	96.245	-
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)	88.375.572	-
Total Risk Weighted Assets	539.203.074	-
CAPITAL ADEQUACY RATIOS		
Consolidated CET 1 Capital Ratio (%)	13,58	-
Consolidated Tier I Capital Ratio (%)	15,40	-
Consolidated Capital Adequacy Ratio (%)	16,39	-
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	4,55	-
a) Capital conservation buffer requirement (%)	2,50	-
b) Bank specific countercyclical buffer requirement (%)	0,05	-
c) Higher bank buffer requirement ratio (%) (**)	2,00	-
Additional CET 1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	9,08	-
Amounts Lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	180.672	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	90.883	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	1.191.567	-
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per the thousand	5.447.631	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	5.447.631	-
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.

	Prior Period	Amount as per the regulation before 01/01/2014*
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	6.100.000	-
Share issue premiums	-	-
Reserves	35.758.745	-
Gains recognized in equity as per TAS	8.398.062	-
Profit	16.092.374	-
Current Period Profit	9.343.637	-
Prior Period Profit	6.748.737	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	17.388	-
Minority Shares	289	
Common Equity Tier 1 Capital Before Deductions	**66.366.858**	**-**
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	6.240.052	-
Improvement costs for operating leasing	62.118	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	731.706	731.706
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	-	-
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	-	-

	Prior Period	Amount as per the regulation before 01/01/2014*
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions from Common Equity Tier I Capital	**7.033.876**	**-**
Total Common Equity Tier I Capital	**59.332.982**	**-**
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)	-	-
Third parties' share in the Additional Tier I capital	-	-
Third parties' share in the Additional Tier I capital (Covered by Temporary Article 3)	-	-
Additional Tier I Capital before Deductions		
Total Tier I Capital and Tier II Capital (Total Equity)	**-**	**-**
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 Consolidated 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 Consolidated 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)	**59.332.982**	**-**
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)	4.552.906	-
Third parties' share in the secondary capital	-	-
Third parties' share in the secondary capital (Covered by Temporary Article 3)	-	-
Tier II Capital Before Deductions	**4.552.906**	**-**
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	**4.552.906**	**-**
Total Capital (The sum of Tier I Capital and Tier II Capital)	**63.885.888**	**-**

	Prior Period	Amount as per the regulation before 01/01/2014*
Total Capital (The sum of Tier I Capital and Tier II Capital)	**63.885.888**	**-**
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)	63.884.017	-
Total Risk Weighted Assets	448.874.719	-
CAPITAL ADEQUACY RATIOS		
Consolidated CET 1 Capital Ratio (%)	13,22	-
Consolidated Tier I Capital Ratio (%)	13,22	-
Consolidated Capital Adequacy Ratio (%)	14,23	-
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	3,41	-
a) Capital conservation buffer requirement (%)	1,88	-
b) Bank specific countercyclical buffer requirement (%)	0,032	-
c) Higher bank buffer requirement ratio (%) (**)	1,5	-
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	5,22	-
Amounts Lower than Excesses as per Deduction Rules		-
Remaining Total of Net Long Positions of the Investments in Equity Items of Consolidated 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 Consolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	65.943	-
Remaining Mortgage Servicing Rights		-
Net Deferred Tax Assets arising from Temporary Differences	1.639.558	-
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	4.552.906	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	4.552.906	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 01 January 2018-01 January 2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(*) Amounts considered within transition provisions

2. Items Included in Capital Calculation

Information about instruments included in total capital calculation-Current Period		
	T.C. Ziraat Bankası A.Ş.	**Ziraat Katılım Bankası A.Ş.**
Issuer	T.C. Ziraat Bankası A.Ş.	Ziraat Katılım Bankası A.Ş.
Identifier (CUSIP, ISIN vb.)	XS1984644739	-
Governing law (s) of the instrument	Subject to English Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Communiqué VII-128.8 on Debt Instruments of the Capital Markets Board and the Regulation on Bank Capital and Communique on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity of the BRSA.	The Regulation on Bank Capital and Communique on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity of the BRSA.
Regulatory treatment		
Subject to 10% deduction as of 1/1/2015	None	None
Eligible on unconsolidated and/or unconsolidated basis	Eligible on consolidated and unconsolidated	Eligible on consolidated and unconsolidated
Instrument type	Additional Capital Bond Issuance (Tier 1 Capital)	Additional Capital Credit (Tier 1 Capital)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	9.247	519
Nominal value of instrument (TL million)	9.247	519
Accounting classification of the instrument	347001-Subordinated Debts	347000- Subordinated Loans
Original date of issuance	24 April 2019	24 April 2019
Maturity structure of the instrument (perpetual/dated)	Perpetual	Perpetual
Issue date of the instrument	24 April 2019	24 April 2019
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes
Call option dates, conditioned call dates and call amount	Subject to the approval of the BRSA, a repayment option is available at the end of each 5-year period from the date of issue.	Option date is 5 years, (subject to BRSA permission)
Subsequent call dates, if applicable	24.04.2024	
Interest/dividend payment		
Fixed or floating coupon/dividend payments	Fixed	None
Coupon rate and any related index	First 5 years fixed 5,076%, next 5 years MS + 5,031% fixed	None
Existence of any dividend payment restriction	None	None
Fully discretionary, partially discretionary or mandatory	Fully discretionary	None
Existence of step up or other incentive to redeem	None	None
Noncumulative or cumulative	Noncumulative	None

Convenience translation of publicly announced consolidated financial statements originally issued in Turkish
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

Convertible into equity shares		
If convertible, conversion trigger (s)	None	None
If convertible, fully or partially	None	None
If convertible, conversion rate	None	None
If convertible, mandatory or optional conversion	None	None
If convertible, type of instrument convertible into	None	None
If convertible, issuer of instrument to be converted into	None	None
Write-down feature		
If bonds can be written-down, write-down trigger(s)	Yes. Article 7 of the Regulation on Bank Capital	Yes. Article 7 of the Regulation on Bank Capital
If bond can be written-down, full or partial	Has full or partial write down feature	Has full or partial write down feature
If bond can be written-down, permanent or temporary	Has permanent or temporary write down feature	Has temporary write down feature.
If temporary write-down, description of write-up mechanism.	Has-write up mechanism	It is possible to write up after temporary write down.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors	i. After payments within the scope of Priority Liabilities, ii. Equal (pari passu) among themselves and with all other Co-Liabilities without order of preference, and iii. Prior to all payments under Low-Degree Liabilities
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.

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

	Current Period	Prior Period
Balance Sheet - Equity	**74.227.502**	**60.128.975**
Operational Leasing Development Costs	(49.402)	(62.118)
Goodwill and Other Intangible Assets and Related Deferred Taxes Liabilities	(935.148)	(731.706)
TIER 2 Capital (Provisions)	5.447.631	4.552.906
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	9.783.918	-
Other deductions from common equity	(96.245)	(1.871)
Minority shares	(2.684)	(2.169)
Amount recognized in regulatory capital	**88.375.572**	**63.884.017**

II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK

1. Information on Credit Risk

Credit risk is the possibility of loss that the Group may be exposed due to the partial or complete default of the debtor by not complying to the obligations of the agreement made, or due to the decrease in credit worthiness.

The limits of the credit customers are identified, after combined assessment of various factors like the financial and non-financial information of the credit customers, credit requirements, sectorial and geographical features and, in conformity with the legal legislation, in line with the credit authorization limits of the branches, Group Presidencies, Department Presidencies, Assistant General Management, General Manager, Credit Committee and Board of Directors.

In order to prevent the risk intensity on the commercial loan portfolio, limits are determined and followed on the basis of group companies, private and public firms, and different debtor groups. Similarly, in determining the limits of the agricultural loan portfolio the structures of the regions are considered. The Group's credit authority limits on given consumer loans are defined with the separation of type and guarantee and these limits are updated according to economic conjuncture and demands of Regional Directorates/Branches.

The limits, subjects, collateral structure, maturities, accounts booked, outstanding balances of the loans allocated by the branches are periodically analyzed depending on the number of customers and monitored on customer and regional basis.

After the opening of the lines of the commercial loans, the firms are continued to be monitored and the changes at the financial structures and market relations of the credit firms are followed. The credit limits are identified and approved for one year and renewed in case of no negative change in the situation of the customer (financial structure, market, collateral, etc.).

The Parent Bank is assessing credibility of the customer as the essential factor in issuing credits and creditors' credit worthiness are ascertained during credit application and limit allocation/renewal. Documents to be obtained during the application are evidently mentioned in regulations and appropriateness of the documents obtained during application is controlled by internal audit departments. The Bank considers guarantees as important in minimization and elimination of the risk. As a result of policies and process based on obtaining reliable and robust guarantees, the Parent Bank's credit risk significantly declines.

On January 2011 The Parent Bank started applying internal ratings processes as a decision support system for analysing credit worthiness and determining credit allocation for Corporate/Commercial/Entrepreneurial consumer loans.

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The Parent Bank makes provision in conformity with the "Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions".

Identification of limits for domestic and foreign banks are done by rating which is determined by considering the needs of clients and departments together with financial and economic conditions of the banks and their countries. When banks and/or countries are financially or economically risky, identified limits can be restricted with maturity, amount or type of transaction or use of credit is called off.

Since the Parent Bank's abroad lending operations have no significant effect on the financial statements, and operations and transactions are diversified via the use of different financial institutions in various countries, The Parent Bank is not believed to be exposed to a significant credit risk as a result of these operations.

Foreign financial institution and country risks of the Parent Bank are generally taken on financial institutions and countries which are rated by international rating institutions. Treasury operations are executed in the frame of pre-determined authorization and limits, these authorization and limits are monitored. Client transactions within the context of Fund Management are done in the frame of general loan limits determined for the clients

The Parent Bank engages in foreign currency swaps and forward transactions considering its asset-liability balance and legal limits. These are not considered to generate material risk given the amount of these transactions in the balance sheet.

Non-cash risks of customers classified as non-performing loans in accordance with the Communiqué on "Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions" are subjected to expected loss provision (Stage 3) under the same regulation, when the related risks are reimbursed and transformed into cash receivables, they are followed up in the same risk group as the cash loan which was previously classified as non-performing loans and the expected losses provision (Stage 3) continues to be provided.

Restructured and rescheduled loans are also booked in line with procedures and under accounts defined by the related regulation. Furthermore, they are monitored by the Parent Bank in line with credit risk policies. In this context, financial situation and commercial operations of related customers are analyzed and in terms of restructured plan, whether principal and interest payments have been paid is being checked and necessary measures are taken.

The percentage of top 100 and top 200 cash loans in the total cash loan portfolio is 26% and 32% respectively (31 December 2018: 27% and 33%).

The percentage of top 100 and top 200 non-cash loans in the total non-cash loan portfolio is 49% and 60% respectively (31 December 2018: 49% and 60%).

The percentage of top 100 and top 200 cash and non-cash loans in the total cash and non-cash loan portfolio is 27% and 34% respectively (31 December 2018: 28% and 35%).

Expected loss provisions for the loans for the Stage 1 and Stage 2 are amounted TL 5.401.551 (31 December 2018: TL 3.500.696)

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2. The Profile of Important Risks of Important Regions

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables
Current Period								
Domestic	142.272.662	650.429	589.015	-	-	31.650.433	273.352.238	164.527.938
European Union Countries	192.382	-	-	-	-	39.632.919	1.957.068	594.148
OECD Countries (1)	-	-	-	-	-	705.454	186.646	17
Off-shore Banking Regions	-	-	-	-	-	3.108	-	269
USA, Canada	-	-	-	-	-	3.982.037	2.130.965	329
Other Countries	662.678	4.546	24	-	-	5.345.810	13.815.600	992.717
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	297.791	422.950	6.343
Unallocated Assets/ Liabilities (2)	-	-	-	-	-	-	-	-
Total	**143.127.722**	**654.975**	**589.039**	**-**	**-**	**81.617.552**	**291.865.467**	**166.121.761**

	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitization positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Investments in Equity Instruments (3)	Other receivables	Total
Current Period										
Domestic	68.652.934	4.658.210	1.764.652	-	-	-	2.533.444	139.049	32.624.242	723.415.246
European Union Countries	-	1.168	459	-	-	-	-	-	43.776	42.421.920
OECD Countries (1)	-	-	-	-	-	-	-	-	-	892.117
Off-shore Banking Regions	-	-	-	-	-	-	-	-	-	3.377
USA, Canada	-	-	-	-	-	-	-	-	-	6.113.331
Other Countries	59.608	134.670	830.607	-	-	-	19.136	24.853	666.385	22.556.634
Subsidiaries, Associates and Joint Ventures	-	-	355.535	-	-	-	-	-	-	1.082.619
Unallocated Assets/ Liabilities (2)	-	-	-	-	-	-	-	-	-	-
Total	**68.712.542**	**4.794.048**	**2.951.253**	**-**	**-**	**-**	**2.552.580**	**163.902**	**33.334.403**	**796.485.244**

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

(1) OECD Countries other than EU countries, USA and Canada.
(2) Assets and liabilities that could not be distributed on a consistent basis.

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and uncondi-tional corporate receivables	Conditional and unconditio-nal retail receivables
Prior Period								
Domestic	105.971.128	682.786	542.144	-	-	21.394.107	256.336.366	136.363.786
European Union Countries	64.087	-	-	-	-	26.636.834	2.063.237	132.114
OECD Countries (1)	-	-	-	-	-	988.063	281.482	-
Off-shore Banking Regions	-	-	-	-	-	142.333	-	-
USA, Canada	-	-	-	-	-	4.019.793	1.090.168	842
Other Countries	2.200.674	2.049	63	-	-	1.345.902	3.654.763	1.943.517
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	196.602	756.309	6.067
Unallocated Assets/ Liabilities (2)	-	-	-	-	-	-	-	-
Total	**108.235.889**	**684.835**	**542.207**	**-**	**-**	**54.723.634**	**264.182.325**	**138.446.326**

	Conditional and unconditional receivables secured by mortgages	Past due receivab-les	Receivables defined in high risk category by BRSA	Securities collate-ralised by mortgages	Securitization pos-itions	Short-term receivables from banks, brokerage houses and corpora-tes	Invest-ments similar to collective investment funds	Invest-ments in Equity Instruments (3)	Other Receivables	Total
Prior Period										
Domestic	54.822.568	2.325.682	226.182	-	-	-	1.146.549	124.424	23.190.242	603.125.964
European Union Countries	-	1.727	803	-	-	-	-	9	76.638	28.975.449
OECD Countries (1)	-	-	-	-	-	-	-	-	-	1.269.545
Off-shore Banking Regions	-	-	-	-	-	-	-	-	-	142.333
USA, Canada	-	-	-	-	-	-	-	-	-	5.110.803
Other Countries	32.140	287	2.213.318	-	-	-	-	24.001	131.793	11.548.507
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	-	-	-	-	958.978
Unallocated Assets/ Liabilities (2)	-	-	-	-	-	-	-	-	-	-
Total	**54.854.708**	**2.327.696**	**2.440.303**	**-**	**-**	**-**	**1.146.549**	**148.434**	**23.398.673**	**651.131.579**

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

(1) OECD Countries other than EU countries, USA and Canada
(2) Assets and liabilities that could not be distributed on a consistent basis

3. Risk Profile by Sectors or Counterparties

	Risk Classes								
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages
Sectors/Counter Parties									
Agriculture	112	353	7.963	-	-	-	2.527.975	6.341.181	1.106.346
Farming and Stockbreeding	33	353	7.963	-	-	-	2.408.539	5.848.131	1.062.074
Forestry	79	-	-	-	-	-	41.783	223.205	27.145
Fishing	-	-	-	-	-	-	77.653	269.845	17.127
Manufacturing	67.650	1.382	8.825	-	-	-	113.379.690	12.710.581	2.752.266
Mining and Quarrying	-	-	-	-	-	-	5.784.370	204.605	37.818
Production	67.643	14	670	-	-	-	77.891.058	12.344.423	2.692.466
Electric, Gas and Water	7	1.368	8.155	-	-	-	29.704.262	161.553	21.982
Construction	-	-	167.519	-	-	-	38.823.298	4.968.720	1.396.361
Services	54.699.644	4.746	182.351	-	-	67.310.084	112.308.109	32.650.321	6.950.567
Wholesale and Retail Trade	3	25	12.223	-	-	-	30.288.162	22.967.446	4.019.577
Hotel Food and Beverage Services	2.027	35	3.685	-	-	-	6.909.094	2.023.079	1.131.387
Transportation and Telecommunication	4.047	539	112.907	-	-	-	35.540.237	3.227.959	652.408
Financial Institutions	54.417.565	862	16.371	-	-	59.517.098	14.431.214	656.768	3.623
Real Estate and Leasing Services	142.733	2.955	3.017	-	-	7.792.986	23.623.080	2.897.592	826.621
Self Employment Services	-	-	2.147	-	-	-	-	-	-
Education Services	128.764	-	16.152	-	-	-	620.251	329.224	132.411
Health and Social Services	4.505	330	15.849	-	-	-	896.071	548.253	184.540
Other	88.360.316	648.494	222.381	-	-	14.307.468	24.826.395	109.450.958	56.507.002
Total	**143.127.722**	**654.975**	**589.039**	**-**	**-**	**81.617.552**	**291.865.467**	**166.121.761**	**68.712.542**

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

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	Risk Classes										
	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitization positions	Short-term from banks, brokerage houses and corporates	Investments similar to collective investment funds	Investments in Equity Instruments	Other receivables	TL	FC	Total
Sectors/Counter Parties											
Agriculture	95.849	7.046	-	-	-	-	-	42.491	304.954	9.824.362	10.129.316
Farming and Stockbreeding	89.660	6.612	-	-	-	-	-	41.877	268.266	9.196.976	9.465.242
Forestry	2.768	345	-	-	-	-	-	477	13.478	282.324	295.802
Fishing	3.421	89	-	-	-	-	-	137	23.210	345.062	368.272
Manufacturing	538.875	157.395	-	-	-	-	-	7.278	71.562.300	58.061.642	129.623.942
Mining and Quarrying	4.755	648	-	-	-	-	-	95	4.622.392	1.409.899	6.032.291
Production	432.079	156.542	-	-	-	-	-	7.051	44.173.741	49.418.205	93.591.946
Electric, Gas and Water	102.041	205	-	-	-	-	-	132	22.766.167	7.233.538	29.999.705
Construction	587.628	946.980	-	-	-	236.607	-	25.850	20.730.349	26.422.614	47.152.963
Services	1.162.540	717.081	-	-	-	2.315.973	163.902	843.356	128.262.368	151.046.306	279.308.674
Wholesale and Retail Trade	629.278	117.401	-	-	-	-	-	35.697	11.266.802	46.803.010	58.069.812
Hotel Food and Beverage Services	180.176	16.497	-	-	-	-	-	6.663	6.573.122	3.699.521	10.272.643
Transportation and Telecommunication	33.426	10.533	-	-	-	-	-	6.885	15.912.665	23.676.276	39.588.941
Financial Institutions	52	497.770	-	-	-	1.994.104	163.902	789.559	71.491.668	60.997.220	132.488.888
Real Estate and Leasing Services	303.363	14.698	-	-	-	321.869	-	4.058	22.448.301	13.484.671	35.932.972
Self Employment Services	-	-	-	-	-	-	-	-	2.147	-	2.147
Education Services	8.703	59.229	-	-	-	-	-	165	446.108	848.791	1.294.899
Health and Social Services	7.542	953	-	-	-	-	-	329	121.555	1.536.817	1.658.372
Other	2.409.156	1.122.751	-	-	-	-	-	32.415.428	75.117.763	255.152.586	330.270.349
Total	**4.794.048**	**2.951.253**	**-**	**-**	**-**	**2.552.580**	**163.902**	**33.334.403**	**295.977.734**	**500.507.510**	**796.485.244**

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	Risk Classes								
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages
Sectors/Counter Parties									
Agriculture	119	473	11.578	-	-	-	3.148.963	5.123.165	975.337
Farming and Stockbreeding	37	473	11.578	-	-	-	2.393.782	4.730.831	937.275
Forestry	82	-	-	-	-	-	542.020	170.433	18.774
Fishing	-	-	-	-	-	-	213.161	221.901	19.288
Manufacturing	74.812	6.082	31.472	-	-	-	102.697.768	9.095.843	1.735.009
Mining and Quarrying	-	-	-	-	-	-	5.261.839	161.125	24.311
Production	74.806	19	2.115	-	-	-	71.032.920	8.839.852	1.690.740
Electric, Gas and Water	6	6.063	29.357	-	-	-	26.403.009	94.866	19.958
Construction	-	-	61.108	-	-	-	51.499.361	4.688.200	1.386.610
Services	44.587.748	3.861	306.953	-	-	54.721.656	85.456.430	27.782.163	5.297.105
Wholesale and Retail Trade	18	1.435	6.357	-	-	-	25.022.115	19.717.803	2.935.788
Hotel Food and Beverage Services	302	13	1.237	-	-	-	4.823.337	1.602.016	796.019
Transportation and Telecommunication	4.786	249	152.113	-	-	-	16.003.428	2.733.835	513.700
Financial Institutions	44.342.749	934	18.112	-	-	49.270.612	14.988.333	540.608	2.429
Real Estate and Leasing Services	138.682	248	792	-	-	5.451.044	23.315.891	2.455.183	849.168
Self Employment Services	-	-	-	-	-	-	-	261	-
Education Services	100.492	-	115.705	-	-	-	457.251	263.689	80.586
Health and Social Services	719	982	12.637	-	-	-	846.075	468.768	119.415
Other	63.573.210	674.419	131.096	-	-	1.978	21.379.803	91.756.955	45.460.647
Total	**108.235.889**	**684.835**	**542.207**	**-**	**-**	**54.723.634**	**264.182.325**	**138.446.326**	**54.854.708**

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

	Risk Classes										
	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitization positions	Short-term from banks, brokerage houses and corporates	Investments similar to collective investment funds	Investments in Equity Instruments	Other receivables	TL	FC	Total
Sectors/Counter Parties											
Agriculture	87.723	16.503	-	-	-	-	-	328.551	8.735.465	956.947	9.692.412
Farming and Stockbreeding	83.913	16.265	-	-	-	-	-	327.433	8.166.538	335.049	8.501.587
Forestry	2.409	43	-	-	-	-	-	931	253.963	480.729	734.692
Fishing	1.401	195	-	-	-	-	-	187	314.964	141.169	456.133
Manufacturing	380.890	220.415	-	-	-	-	-	171.546	40.480.949	73.932.888	114.413.837
Mining and Quarrying	4.515	485	-	-	-	-	-	79	937.494	4.514.860	5.452.354
Production	373.774	20.114	-	-	-	-	-	171.325	33.755.760	48.449.905	82.205.665
Electric, Gas and Water	2.601	199.816	-	-	-	-	-	142	5.787.695	20.968.123	26.755.818
Construction	183.195	290.793	-	-	-	166.360	-	27.020	20.345.449	37.957.198	58.302.647
Services	590.937	161.304	-	-	-	980.189	148.434	355.031	89.799.084	130.592.727	220.391.811
Wholesale and Retail Trade	383.933	28.162	-	-	-	-	-	60.819	36.161.310	11.995.120	48.156.430
Hotel Food and Beverage Services	41.884	64.060	-	-	-	-	-	6.718	2.565.455	4.770.131	7.335.586
Transportation and Telecommunication	25.224	4.333	-	-	-	-	-	20.173	4.562.539	14.895.302	19.457.841
Financial Institutions	41	-	-	-	-	655.514	148.007	262.364	29.901.297	80.328.406	110.229.703
Real Estate and Leasing Services	131.275	63.276	-	-	-	324.675	-	4.493	14.728.635	18.006.092	32.734.727
Self Employment Services	-	-	-	-	-	-	-	-	-	261	261
Education Services	5.926	170	-	-	-	-	-	194	751.956	272.057	1.024.013
Health and Social Services	2.654	1.303	-	-	-	-	427	270	1.127.892	325.358	1.453.250
Other	1.084.951	1.751.288	-	-	-	-	-	22.516.525	177.571.572	70.759.300	248.330.872
Total	**2.327.696**	**2.440.303**	**-**	**-**	**-**	**1.146.549**	**148.434**	**23.398.673**	**336.932.519**	**314.199.060**	**651.131.579**

4. Analysis of maturity-bearing exposures according to remaining maturities

Current Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications:					
Conditional and unconditional exposures to central governments or central banks	5.666.354	702.604	5.242.281	6.095.258	125.421.225
Conditional and unconditional exposures to regional governments or local authorities	5.015	965	16.993	79.697	552.305
Conditional and unconditional receivables from administrative units and non-commercial enterprises	8.138	4.752	1.555	60.848	513.746
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	55.122.457	9.106.043	1.600.856	1.616.148	14.172.048
Conditional and unconditional exposures to corporates	4.689.426	12.878.958	9.138.005	43.360.357	221.798.721
Conditional and unconditional retail exposures	4.647.212	5.065.791	7.976.495	33.608.833	114.823.430
Conditional and unconditional exposures secured by real estate property	154.963	412.416	737.342	4.882.726	62.525.095
Past due receivables	3.025.437	9	1	21	1.768.580
Receivables defined in high risk category by BRSA	986.773	-	2.911	127.586	1.833.983
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	185.348	-	10.287	1.017.245	1.339.700
Investments in Equity Instruments	-	-	-	-	163.902
Grand Total	**74.491.123**	**28.171.538**	**24.726.726**	**90.848.719**	**544.912.735**

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Prior Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications:					
Conditional and unconditional exposures to central governments or central banks	3.190.166	146.176	2.228.434	3.748.741	98.922.372
Conditional and unconditional exposures to regional governments or local authorities	5.070	18	2.617	25.851	651.279
Conditional and unconditional receivables from administrative units and non-commercial enterprises	16.028	2.095	5.806	28.982	489.296
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	29.848.921	8.870.171	2.649.512	3.196.716	10.158.314
Conditional and unconditional exposures to corporates	14.162.717	6.828.394	2.807.300	42.057.080	198.326.834
Conditional and unconditional retail exposures	3.094.293	465.243	945.403	27.325.243	106.616.144
Conditional and unconditional exposures secured by real estate property	9.178	27.356	22.577	3.344.313	51.451.284
Past due receivables	1.701.750	376	34	190	625.346
Receivables defined in high risk category by BRSA	144.115	397.463	1.234	30.164	1.867.327
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	331.624	814.925
Investments in Equity Instruments	-	-	-	-	148.434
Grand Total	**52.172.238**	**16.737.292**	**8.662.917**	**80.088.904**	**470.071.555**

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

For the foreign banks, the ratings of the Fitch Ratings International Rating Agency is used for determining the risk weights for the risk classes by using a rating grade from the risk classes specified in Article 6 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks. While the international rating score is taken into consideration for the entire risk class receivables from central governments or central banks, the ratings of the Islamic International Rating Agency (IIRA) are used. The country risk classification published by the Organization for Economic Cooperation and Development (OECD) is taken as basis for unclassified central government and central banks. The counterparties residing domestically are accepted as "Gradeless" and take the risk weight which is appropriate for the "Gradeless" category in the related risk class.

In order to determine the risk weight of regarding items that export or issuer rating not included to purchase/sale accounts is firstly considered to export rating, and also issuer's credit rating is considered in the absence of export rating.

Fitch Rating's and the Islamic International Rating Agency's (IIRA) risk ratings as per the credit quality grades and the risk weights according to exposure categories are presented below:

		Exposure to Banks and Brokerage Houses	
Credit Quality Grade	Fitch Ratings Long Term Credit Rating	Exposures with Original Maturities Less Than 3 Months	Exposures with Original Maturities More Than 3 Months
1	AAA to AA-	20%	20%
2	A+ to A-	20%	50%
3	BBB+ to BBB-	20%	50%
4	BB+ to BB-	50%	100%
5	B+ to B-	50%	100%
6	CCC+ and below	150%	150%

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

Credit Quality Grade	IIRA Long Term Credit Rating	Receivables from the Central Governments and the Central Banks
1	AAA to AA-	0%
2	A+ to A-	20%
3	BBB+ to BBB-	50%
4	BB+ to BB-	100%
5	B+ to B-	100%
6	CCC+ and below	150%

5. Exposures by risk weights:

Current Period

	Risk Weights	0%	2%(*)	10%	20%	35%	50%	75%	100%	150%	200%	1250%	Deductions from Equity
1	Exposures before Credit Risk Mitigation	117.728.136	2.870.742	-	53.652.350	-	70.509.780	231.574.866	317.198.115	2.951.255	-	-	1.080.795
2	Exposures after Credit Risk Mitigation	183.972.736	2.870.742	-	19.287.478	59.380.353	96.409.551	146.525.565	285.148.908	2.889.911	-	-	1.080.795

Prepared with the numbers after conversion rate to credit

(*) In accordance with the Regulation on Measurement and Evaluation of Banks' Capital Adequacy risk weights of 2% and 4% have been added to the Calculation of the Capital Liability for Risks Arising from Central Counterparties as of the current period.

Prior Period

	Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	1250%	Deductions from Equity
1	Exposures before Credit Risk Mitigation	99.567.310	-	29.418.621	-	48.806.263	190.809.897	280.089.185	2.440.303	-	-	795.695
2	Exposures after Credit Risk Mitigation	144.615.328	-	14.046.093	47.341.458	67.804.137	121.074.727	253.882.231	2.367.605	-	-	795.695

Prepared with the numbers after conversion rate to credit.

6. Information in terms of major sectors and type of counterparties:

Impaired Credits

Impaired credits are the credits that were deemed to be impaired because of the credibility or delaying more than 90 days as of the end of the reporting period. For these credits "TFRS 9 expected loss provisions for the loans for the stage 3" calculation is made within the scope of Regulation on Provisions.

Past Due Credits

Past due credits are the credits whose maturity delayed up to 90 days as of the end of the reporting period but not incurred to impairment. For these credits "TFRS 9 expected loss provisions (Stage 2)" calculation is made within the scope of Regulation for Provisions.

Current Period	Loans		Provisions
	Impaired (TFRS 9)		
	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	Provisions for Expected Credit Loss (TFRS)
Agriculture	**3.600.569**	**1.810.224**	**1.138.189**
Farming and Stockbreeding	3.584.481	1.789.010	1.122.042
Forestry	7.770	11.674	8.228
Fishery	8.318	9.540	7.919
Manufacturing	**7.623.229**	**2.567.341**	**2.236.722**
Mining and Quarrying	232.631	32.101	27.307
Production	5.416.599	2.281.898	1.726.912
Electricity, Gas and Water	1.973.999	253.342	482.503
Construction	**2.812.608**	**2.593.481**	**1.716.042**
Services	**14.737.852**	**5.137.622**	**5.950.087**
Wholesale and Retail Trade	2.203.367	2.928.652	2.116.979
Accommodation and Dining	808.367	356.358	221.394
Transportation and Telecom.	9.183.304	178.307	2.432.381
Financial Institutions	13.485	5.870	4.490
Real Estate and Rental Services	2.186.294	1.514.297	1.118.422
Professional Services	407	93	1.396
Educational Services	40.363	108.756	24.559
Health and Social Services	302.265	45.289	30.466
Other	**2.610.351**	**2.422.762**	**1.637.023**
Total	**31.384.609**	**14.531.430**	**12.678.063**

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

Prior Period	Loans		Provisions
	Impaired (TFRS 9)		
	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	Provisions for Expected Credit Loss (TFRS)
Agriculture	**2.285.479**	**1.235.943**	**691.978**
Farming and Stockbreeding	2.267.296	1.221.040	680.255
Forestry	8.272	7.921	5.283
Fishery	9.911	6.982	6.440
Manufacturing	**1.745.324**	**1.610.824**	**1.196.262**
Mining and Quarrying	193.054	22.100	17.018
Production	1.282.925	1.568.239	1.135.738
Electricity, Gas and Water	269.345	20.485	43.506
Construction	**2.610.197**	**641.562**	**483.811**
Services	**10.989.288**	**3.113.760**	**4.440.277**
Wholesale and Retail Trade	1.893.371	1.905.735	1.532.700
Accommodation and Dining	520.936	128.932	106.655
Transportation and Telecom.	7.466.416	118.762	1.979.081
Financial Institutions	5.012	4.367	3.109
Real Estate and Rental Services	833.884	908.346	784.385
Professional Services	1.610	-	27
Educational Services	34.470	26.412	16.129
Health and Social Services	233.589	21.206	18.191
Other	**1.848.121**	**2.153.908**	**1.643.336**
Total	**19.478.409**	**8.755.997**	**8.455.664**

7. Information about Value Adjustment and Change in Provisions

	Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Specific Provisions (Stage 3)	6.190.930	3.856.575	(880.059)	35.082	9.202.528
2	General Provisions (Stage 1 and 2)	3.260.949	1.936.425	(260.285)	22.674	4.959.763

	Prior Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Specific Provisions	4.279.821	2.270.633	(359.524)	-	6.190.930
2	General Provisions	734.163	2.737.054	(210.268)	-	3.260.949

8. Risks Included Capital Capacity Buffer Calculations

Current Period

Country	Banking Accounts RWA	Trading Accounts RWA	TOTAL
Bosnia and Herzegovina	4.396.532	-	4.396.532
USA	2.151.679	375.131	2.526.810
Germany	1.236.585	-	1.236.585
Azerbaijan	935.376	14.168	949.544
Turkish Republic of Northern Cyprus	931.395	-	931.395
Uzbekistan	760.564	-	760.564
United Kingdom	709.596	-	709.596
Bahrain	585.724	-	585.724
Russia	456.675	-	456.675
Other	436.494	-	436.494

Prior Period

Country	Banking Accounts RWA	Trading Accounts RWA	TOTAL
Bosnia and Herzegovina	3.356.346	-	3.356.346
Germany	1.471.948	-	1.471.948
USA	1.111.759	226.040	1.337.799
Turkish Republic of Northern Cyprus	736.951	-	736.951
Azerbaijan	675.488	12.621	688.109
Kazakhstan	570.651	-	570.651
Uzbekistan	459.405	3.121	462.526
Switzerland	333.304	-	333.304
Netherlands	332.034	-	332.034
Russia	326.055	-	326.055
Other	2.439.973	130.400	2.570.373

III. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK

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

Moreover, dealer's position 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 Parent 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 Parent Bank for The Last 5 Business Days Prior to The Financial Statement Date

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
24.12.2019	5,8898	6,5270	4,0751	0,8737	0,6243	6,0038	4,4769	0,6594	7,6296	1,5698	5,3837
25.12.2019	5,8806	6,5257	4,0688	0,8736	0,6270	5,9951	4,4668	0,6573	7,5989	1,5673	5,3567
26.12.2019	5,8779	6,5197	4,0757	0,8727	0,6230	5,9936	4,4757	0,6607	7,6354	1,5667	5,3625
27.12.2019	5,8987	6,5841	4,1102	0,8817	0,6319	6,0487	4,5069	0,6682	7,7278	1,5722	5,3899
30.12.2019	5,8841	6,5925	4,1159	0,8828	0,6307	6,0736	4,5006	0,6695	7,7334	1,5687	5,4072
31.12.2019	5,8870	6,6047	4,1333	0,8842	0,6319	6,0905	4,5288	0,6709	7,7797	1,5695	5,4208

5. Simple Arithmetic Average of The Parent 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
5,8002	6,4437	3,9930	0,8626	0,6155	5,9007	4,4025	0,6434	7,6013	1,5465	5,3132

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6. Information on The Foreign Currency Risk of the Group

	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	23.891.232	19.932.663	9.039.519	52.863.414
Banks	1.890.664	3.128.762	2.227.986	7.247.412
Financial Assets at Fair Value Through Profit and Loss	3.621	43.611	97.775	145.007
Money Market Placement	-	-	133.957	133.957
Financial Assets at Fair Value Through Other Comprehensive Income	8.085.914	28.320.900	146.349	36.553.163
Loans (2)	58.202.143	78.675.071	3.946.946	140.824.160
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures)(4)	-	135.330	2.584	137.914
Financial Assets Measured at Amortised Cost	10.108.399	3.530.039	52.134	13.690.572
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	23.637	543	247.335	271.515
Intangible Assets	19.717	-	31.114	50.831
Other Assets (6)	481.446	852.434	227.615	1.561.495
Total Assets (5) (7)	**102.706.773**	**134.619.353**	**16.153.314**	**253.479.440**
Liabilities				
Interbank Deposits	12.078.350	4.274.660	619.984	16.972.994
Foreign Currency Deposits	109.408.275	80.323.230	22.331.835	212.063.340
Money Market Borrowings	-	20.473.527	-	20.473.527
Funds Provided from Other Financial Institutions	10.877.961	21.658.545	54.027	32.590.533
Issued Marketable Securities (8)	9.565.957	9.683.463	148.429	19.397.849
Miscellaneous Payables	2.184.404	331.491	36.359	2.552.254
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	1.145.908	488.984	316.595	1.951.487
Total Liabilities (5)	**145.260.855**	**137.233.900**	**23.507.229**	**306.001.984**
Net Balance Sheet Position	**(42.554.082)**	**(2.614.547)**	**(7.353.915)**	**(52.522.544)**
Net Off-Balance Sheet Position (3)	**42.239.827**	**(10.244.323)**	**9.679.167**	**41.674.671**
Financial Derivative Assets	49.481.768	63.545.770	10.593.739	123.621.277
Financial Derivative Liabilities	7.241.941	73.790.093	914.572	81.946.606
Non-Cash Loans	**35.902.142**	**44.589.301**	**7.041.025**	**87.532.468**
Prior Period				
Total Assets	85.603.723	118.676.944	15.448.382	219.729.049
Total Liabilities	113.929.235	110.510.911	14.945.313	239.385.459
Net Balance Sheet Position	**(28.325.512)**	**8.166.033**	**503.069**	**(19.656.410)**
Net Off-Balance Sheet Position (3)	**27.761.346**	**(11.215.345)**	**1.959.819**	**18.505.820**
Financial Derivative Assets	32.585.452	31.666.487	3.666.863	67.918.802
Financial Derivative Liabilities	4.824.106	42.881.832	1.707.044	49.412.982
Non-Cash Loans	**36.646.822**	**45.965.469**	**6.676.566**	**89.288.857**

(1) TL 294.722 equivalent of USD and TL 571.170 equivalent of EUR loans are originated as foreign currency indexed loans (31 December 2018: TL 768.374 equivalent of USD and TL 1.086.966 equivalent of EUR).

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

(3) 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.

(4) Derivative financial assets held for trading and liabilities are not included.

(5) Prepaid expenses in other assets amounting to TL 16.293 are not included.

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

(7) Includes subordinated debt instruments.

IV. EXPLANATIONS ON THE CONSOLIDATED 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	31.560.965	-	-	-	-	24.249.517	55.810.482
Banks	480.994	110.301	132.777	63.337	-	6.590.614	7.378.023
Financial Assets at Fair Value Through Profit and Loss	26.018	66.586	979.223	895.635	109.639	23	2.077.124
Money Market Placements	621.747	-	-	-	-	-	621.747
Financial Assets at Fair Value Through Other Comprehensive Income	16.155.484	10.821.478	28.371.557	26.495.730	30.722.504	776.517	113.343.270
Loans Given [3]	139.542.737	34.099.633	92.585.067	161.718.891	37.973.418	4.545.604	470.465.350
Financial Assets Measured at Amortised Cost	2.460.269	84.298	711.156	10.573.278	4.288.523	51.242	18.168.766
Other Assets [2]	1.133.943	1.331.551	399.731	51.871	12.881	22.926.486	25.856.463
Total Assets [1] [5]	**191.982.157**	**46.513.847**	**123.179.511**	**199.798.742**	**73.106.965**	**59.140.003**	**693.721.225**
Liabilities							
Interbank Deposits	20.755.815	6.904.302	589.744	25.643	-	3.205.124	31.480.628
Other Deposits	194.125.482	70.974.614	50.804.129	3.774.835	1.786.391	126.982.447	448.447.898
Money Market Borrowings	45.120.166	2.948.343	541.873	684.163	-	-	49.294.545
Miscellaneous Payables	32.370	-	-	-	-	7.673.426	7.705.796
Issued Marketable Securities [6]	763.356	3.756.767	984.501	19.654.454	-	-	25.159.078
Funds Provided from Other Financial Institutions	2.745.370	6.304.265	17.872.214	6.104.863	683.231	548.494	34.258.437
Other Liabilities [4]	1.403.809	147.478	422.109	1.459.280	5.227.647	88.714.520	97.374.843
Total Liabilities [1]	**264.946.368**	**91.035.769**	**71.214.570**	**31.703.238**	**7.697.269**	**227.124.011**	**693.721.225**
Balance Sheet Long Position	**-**	**-**	**51.964.941**	**168.095.504**	**65.409.696**	**-**	**285.470.141**
Balance Sheet Short Position	**(72.964.211)**	**(44.521.922)**	**-**	**-**	**-**	**(167.984.008)**	**(285.470.141)**
Off-Balance Sheet Long Position	1.186.774	141.045	3.419	6	-	129.611	1.460.855
Off-Balance Sheet Short Position	1.047.681	74.152	(85.481)	-	-	-	1.036.352
Total Position	**(70.729.756)**	**(44.306.725)**	**51.882.879**	**168.095.510**	**65.409.696**	**(167.854.397)**	**2.497.207**

[1] Balances without fixed maturity are shown in the "Non-Interest Bearing" columns.
[2] Deferred tax asset and liability are shown under the "Non-Interest Bearing" column.
[3] Net balance of loans under follow-up is shown under the "Non-Interest Bearing" column in loans given.
[4] Total shareholders' equity is shown under the "Non-Interest Bearing" column.
[5] Allowance for expected losses for financial assets and other assets are reflected in the related items.
[6] Includes subordinated debt instruments.

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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	23.637.930	-	-	-	-	19.244.100	42.882.030
Banks	3.910.863	429.440	748.570	52.552	-	3.941.683	9.083.108
Financial Assets at Fair Value Through Profit and Loss	21.145	10.522	10.663	42.018	5.966	6.692.464	6.782.778
Money Market Placements	249.987	-	-	-	-	-	249.987
Financial Assets Measured at Fair Value Through Other Comprehensive Income	8.920.898	8.347.762	18.869.647	21.082.365	21.942.052	670.323	79.833.047
Loans Given [3]	127.815.015	35.816.349	73.662.425	132.928.386	26.349.811	2.485.893	399.057.879
Financial Assets Measured at Amortised Cost	2.388.245	883.236	1.945.688	1.626.076	3.429.926	7.839	10.281.010
Other Assets [2]	550.141	1.304.545	504.152	95.773	20.037	17.742.509	20.217.157
Total Assets [1][5]	**167.494.224**	**46.791.854**	**95.741.145**	**155.827.170**	**51.747.792**	**50.784.811**	**568.386.996**
Liabilities							
Interbank Deposits	15.448.356	5.224.199	494.669	113.039	-	4.151.647	25.431.910
Other Deposits	148.819.779	47.427.841	41.617.560	4.254.360	282.375	86.541.423	328.943.338
Money Market Borrowings	64.330.322	2.671.990	1.118.379	482.947	-	-	68.603.638
Miscellaneous Payables	21.402	-	124.850	-	-	5.404.163	5.550.415
Issued Marketable Securities	1.425.962	1.964.991	4.137.675	9.415.236	-	-	16.943.864
Funds Provided from Other Financial Institutions	5.817.048	9.738.616	12.419.697	5.809.914	1.063.494	-	34.848.769
Other Liabilities [4]	3.508.399	908.612	1.465.331	903.168	4.859.282	76.420.270	88.065.062
Total Liabilities [1]	**239.371.268**	**67.936.249**	**61.378.161**	**20.978.664**	**6.205.151**	**172.517.503**	**568.386.996**
Balance Sheet Long Position	**-**	**-**	**34.362.984**	**134.848.506**	**45.542.641**	**-**	**214.754.131**
Balance Sheet Short Position	**(71.877.044)**	**(21.144.395)**	**-**	**-**	**-**	**(121.732.692)**	**(214.754.131)**
Off-Balance Sheet Long Position	509.574	2.062.209	-	-	-	75.511	2.647.294
Off-Balance Sheet Short Position	469.564	965.120	(74.986)	(193.925)	-	-	1.165.773
Total Position	**(70.897.906)**	**(18.117.066)**	**34.287.998**	**134.654.581**	**45.542.641**	**(121.657.181)**	**3.813.067**

[1] Balances without fixed maturity are shown in the "Non-Interest Bearing" columns.
[2] Deferred tax asset and liability are 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.

2. Average Interest Rate Applied to the Monetary Financial Instruments (%) (Represents Values Belonging To the Parent Bank) (%)

	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)	-	-	-	10,00
Banks	4,30	-		17,25
Financial Assets Measured at Fair Value Through Profit or Loss	-	5,36	-	11,58
Money Market Placements	-	-		-
Financial Assets Measured at Fair Value Through Other Comprehensive Income	4,07	5,91	-	13,33
Loans Given (2)	5,00	6,97	5,19	13,35
Financial Assets Measured at Amortised Cost	4,99	7,40		15,14
Liabilities				
Interbank Deposits	0,34	1,56	-	11,20
Other Deposits	0,49	2,09	-	10,50
Money Market Borrowings	-	2,92	-	11,53
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities (3)	5,08	4,97	1,50	13,65
Funds Provided from Other Financial Institutions	1,78	3,98	-	11,47

(1) The rate on TL column denotes the interest rates applied for required reserve at CBRT.
(2) Credit card loans are not included.
(3) Subordinated debts are included
(4) Foreign branches are excluded.

	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	0,52	2,32	-	23,33
Other Deposits	1,68	3,31	-	19,05
Money Market Borrowings	-	3,76	-	24,33
Miscellaneous Payables	-	-	-	-
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 rate on TL column denotes the interest rates applied for required reserve at CBRT.
(2) Credit card loans are not included.
(3) Foreign branches are excluded.

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V. 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

		Comparison	
Investments in Equity Instruments - Current Period	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 (*)	163.902	163.902	-

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

		Comparison	
Investments in Equity Instruments - Prior Period	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	-	-	-
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	-	-	-
Traded on Stock Exchange	-	-	-
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other (*)	148.434	148.434	-

(*) 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 İnterior Rating Approaches

The investments in equity instruments, partaking in banking accounts according to the credit risk standard method, are amounted TL 163.902 and 100% of them are risk weighted (31 December 2018: are amounted TL 148.434 and 100% of them are risk weighted).

VI. EXPLANATIONS ON CONSOLIDATED 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 Parent 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 Parent Bank's liquidity and in the worst case scenario. The renewal of deposits which constitutes the Parent Bank's most crucial funding resource is monitored on a daily basis. Besides, in order to compare the Parent Bank's level of liquidity risk with the sector, average remaining maturity balances of Bank-sector maturity structure and legal liquidity rates are monitored.

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

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 Parent Bank's risk capacity, risk appetence, 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 Parent 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 Parent Bank and its partners, the compulsory directions and treats are moderated by Financial Management 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 Parent Bank's fundamental funding resources are deposits, where the strategy of preserving the common base structure of deposits is sustained. Moreover, within the diversification strategy of resources strategy, long-term and appropriate costed non-deposit is aimed to be raised. In the non-deposit resources; repurchase agreements, post finance, syndication credits, credits assured by international financial institutions, securities issuances, capital market transactions and bilateral loan agreements are placed.

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

The Parent 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 Parent Bank's source of funds is mainly formed of deposits. The Parent 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 Parent 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 Parent Bank. These actions have been shared with key management of the Parent Bank and all related units for the purpose of taking necessary precautions. Additionally, stress tests also taken into consideration on subjects like the Parent 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 Parent Bank from organized market and other banks are on the level where they meet the structural liquidity deficits on different maturity segments. The Parent 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".

2. Liquidity Coverage Ratio

Within the framework of "Regulation on Calculation of Liquidity Covered Rate of Banks" published in the Official Gazette dated 21 March 2014 and numbered 28948 by the BRSA, The Parent Bank calculates the liquidity cover rate and transmits consolidated on weekly and consolidated on monthly basis to the BRSA. Within the last 3 months the consolidated lowest ratios are as follows: (October-November-December) consolidated rates are respectively October FC 503,92, TL + FC 145,41; November FC 475,35, TL + FC 146,11; December was realized as FC 513,41, TL + FC 149,27. (31 December 2018: Consolidated rates in the last three months (October-November-December), respectively October FC 108,75%, TL + FC 75,16%; November FC 123,26%, TL + FC 80,91%; December FC was 131,90%, TL + FC was 86,71%.)

	Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
Current Period	**TL+FC**	**FC**	**TL+FC**	**FC**
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			106.986.311	57.969.988
CASH OUTFLOWS				
Retail and Small Business Customers, of which;	305.160.810	149.261.517	26.002.445	14.926.062
Stable deposits	90.272.718	1.789	4.513.636	89
Less stable deposits	214.888.092	149.259.728	21.488.809	14.925.973
Unsecured wholesale funding, of which;	133.754.751	53.572.752	69.342.008	28.051.940
Operational deposit	7.865.281	842.792	1.957.900	202.278
Non-operational deposits	106.969.221	46.342.658	52.011.548	21.593.925
Other unsecured funding	18.920.249	6.387.302	15.372.560	6.255.737
Secured funding			-	-
Other cash outflows, of which;	62.216.808	6.758.784	7.125.122	2.150.741
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.236.035	487.363	2.236.035	487.363
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	59.980.773	6.271.421	4.889.087	1.663.378
Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	52.167.084	31.258.133	2.859.625	1.581.286
TOTAL CASH OUTFLOWS			**105.329.200**	**46.710.029**
CASH INFLOWS				
Secured lending	-	-	-	-
Unsecured lending	46.299.477	23.410.598	31.145.755	17.763.221
Other cash inflows	1.361.923	43.519.136	1.346.154	43.503.367
Total Cash Inflows	**47.661.400**	**66.929.734**	**32.491.909**	**61.266.588**
			Upper Limit Applied Amounts	
TOTAL HQLA STOCK			**106.986.311**	**57.969.988**
TOTAL NET CASH OUTFLOWS			**72.837.291**	**11.677.507**
LIQUIDITY COVERAGE RATIO (%)			**146,88**	**496,42**

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

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

	Total Unweighted Value (Average)(*)		Total Weighted Value (Average) (*)	
Prior Period	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			60.776.637	41.550.730
Cash Outflows				
Retail and Small Business Customers, of which;	**237.477.599**	**111.531.864**	**20.221.723**	11.153.180
Stable deposits	70.520.740	133	3.526.037	7
Less stable deposits	166.956.859	111.531.731	16.695.686	11.153.173
Unsecured wholesale funding, of which;	109.306.463	49.758.643	61.872.016	30.339.716
Operational deposit	5.919.940	692.801	1.475.920	169.135
Non-operational deposits	86.845.916	41.314.525	45.505.184	22.564.219
Other unsecured funding	16.540.607	7.751.317	14.890.912	7.606.362
Secured funding			-	-
Other cash outflows, of which;	54.422.069	16.368.421	13.776.439	11.048.459
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	9.084.643	8.718.617	9.084.643	8.718.617
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	45.337.426	7.649.804	4.691.796	2.329.842
Other revocable off-balance sheet commitments and contractual obligations	9.716	5.279	486	264
Other irrevocable or conditionally revocable off-balance sheet obligations	103.619.895	40.186.025	5.246.376	2.009.549
Total Cash Outflows			**101.117.040**	**54.551.168**
Cash Inflows				
Secured lending	-	-	-	-
Unsecured lending	37.311.748	17.355.983	24.488.020	12.869.927
Other cash inflows	1.495.591	7.261.514	1.469.443	7.235.366
Total Cash Inflows	**38.807.339**	**24.617.497**	**25.957.463**	**20.105.293**
			Upper Limit Applied Amounts	
Total HQLA Stock			**60.776.637**	**41.550.730**
Total Net Cash Outflows			**75.159.577**	**34.445.875**
Liquidity Coverage Ratio (%)			**80,86**	**120,63**

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

3. Minimum Statements Concerning Liquidity Coverage Ratio by Banks

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

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

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

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

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 from the 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 Group 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 the Parent 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 Parent Bank's Internal Capital Adequacy Assessment Process ("ICAAP") with the approval of the Parent Bank's 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 Parent 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 Parent 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.

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed [1]	Total
Current Period								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	24.249.518	31.560.964	-	-	-	-	-	55.810.482
Banks	6.590.614	481.313	109.982	132.777	63.337	-	-	7.378.023
Financial Assets at Fair Value Through Profit and Loss	23	8.190	72.670	987.423	899.179	109.639	-	2.077.124
Money Market Placements	-	621.747	-	-	-	-	-	621.747
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	4.322.465	3.772.938	15.322.154	44.863.447	44.521.889	540.377	113.343.270
Loans Given	-	27.000.928	32.254.601	167.738.442	194.372.651	44.553.124	4.545.604	470.465.350
Financial Assets Measured at Amortised Cost	51.242	203.143	84.298	711.156	12.830.405	4.288.522	-	18.168.766
Other Assets	6.392.856	1.067.242	1.331.551	401.414	51.871	12.881	16.598.648	25.856.463
Total Assets [2]	**37.284.253**	**65.265.992**	**37.626.040**	**185.293.366**	**253.080.890**	**93.486.055**	**21.684.629**	**693.721.225**
Liabilities								
Interbank Deposits	3.205.125	20.755.814	6.904.302	589.744	25.643	-	-	31.480.628
Other Deposits	126.982.447	194.049.765	70.576.134	51.107.536	3.943.086	1.788.930	-	448.447.898
Funds Provided from Other Financial Institutions	-	1.131.458	2.600.870	16.475.781	10.608.414	3.441.914	-	34.258.437
Money Market Borrowings	-	45.120.166	2.948.343	541.873	684.163	-	-	49.294.545
Issued Marketable Securities [3]	-	763.356	3.006.768	1.734.500	19.654.454	-	-	25.159.078
Miscellaneous Payables	3.381.366	4.159.997	-	-	-	-	164.433	7.705.796
Other Liabilities	6.093.490	4.231.403	1.103.908	422.109	1.459.280	6.891.682	77.172.971	97.374.843
Total Liabilities	**139.662.428**	**270.211.959**	**87.140.325**	**70.871.543**	**36.375.040**	**12.122.526**	**77.337.404**	**693.721.225**
Liquidity Gap	(102.378.175)	(204.945.967)	(49.514.285)	114.421.823	216.705.850	81.363.529	(55.652.775)	-
Net Off-Balance Sheet Position	**-**	**105.413**	**(8.583)**	**(88.029)**	**670.218**	**18.825**	**-**	**697.844**
Financial Derivative Assets	-	70.479.265	25.168.990	6.820.549	1.357.756	735.875	-	104.562.435
Financial Derivative Liabilities	-	70.373.852	25.177.573	6.908.578	687.538	717.050	-	103.864.591
Non-cash Loans	**42.650.170**	**6.515.165**	**12.406.400**	**38.396.519**	**26.266.400**	**5.260.088**	**201.418**	**131.696.160**
Prior Period								
Total Assets	31.142.785	49.280.824	31.263.258	168.369.498	197.658.653	71.226.370	19.445.608	568.386.996
Total Liabilities	114.627.753	236.995.776	62.998.947	61.748.955	26.809.968	9.908.287	55.297.310	568.386.996
Liquidity Gap	**(83.484.968)**	**(187.714.952)**	**(31.735.689)**	**106.620.543**	**170.848.685**	**61.318.083**	**(35.851.702)**	**-**
Net Off-Balance Sheet Position	**-**	**(291.050)**	**(967.025)**	**122.547**	**672.964**	**-**	**(44)**	**(462.608)**
Financial Derivative Assets	-	35.660.859	14.439.645	3.000.559	1.793.273	-	19.360	54.913.696
Financial Derivative Liabilities	-	35.951.909	15.406.670	2.878.012	1.120.309	-	19.404	55.376.304
Non-cash Loans	**45.706.867**	**4.670.432**	**10.165.962**	**38.893.051**	**27.158.917**	**4.856.928**	**195.551**	**131.647.708**

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

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

[3] Includes subordinated debt instruments.

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5. Presentation of Liabilities According to Their Remaining Maturities

Current Period [*]	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Bank deposits	23.884.309	6.914.752	597.886	25.643	-	31.422.590
Other deposits	321.670.264	71.229.357	52.291.118	4.028.034	1.792.169	451.010.942
Funds borrowed from other financial institutions	1.174.612	2.679.963	17.170.821	12.057.420	5.021.839	38.104.655
Funds borrowed from Interbank money market	45.148.897	2.967.187	543.789	684.233	-	49.344.106
Total	**391.878.082**	**83.791.259**	**70.603.614**	**16.795.330**	**6.814.008**	**569.882.293**
Prior Period [*]						
Bank deposits	20.217.961	5.250.549	503.618	109.102	-	26.081.230
Other deposits	231.814.869	48.124.210	43.088.228	4.429.641	402.565	327.859.513
Funds borrowed from other financial institutions	3.110.764	4.095.296	13.353.528	13.126.717	4.872.440	38.558.745
Funds borrowed from Interbank money market	64.540.404	2.690.943	1.120.332	485.048	-	68.836.727
Total	**319.683.998**	**60.160.998**	**58.065.706**	**18.150.508**	**5.275.005**	**461.336.215**

[*] Amounts related with the fund balances are not included in the table since decomposition on the basis of their remaining maturities could not be performed.

VII. EXPLANATIONS ON CONSOLIDATED LEVERAGE

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

The Parent Bank's consolidated leverage calculated by force of the regulation "Regulation on Measurement and Assessment of Leverage Ratios of Banks" is 9,24% (31 December 2018: 7,66%). The increase on leverage results occur from the increase in Tier 1 capital amount. The regulation sentenced the minimum leverage as 3%.

Balance sheet assets	Current Period [*]	Prior Period [*]
On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	673.691.992	570.386.642
(Assets deducted in determining Tier 1 capital)	(3.562.075)	(7.798.391)
Total on-balance sheet risks (sum of lines 1 and 2)	670.129.917	562.588.251
Derivative financial instruments and credit derivatives		
Replacement cost associated with all derivative financial instruments and credit Derivatives	2.575.393	2.253.807
Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	1.622.384	631.144
Total risks of derivative financial instruments and credit derivatives	4.197.777	2.884.951
Securities or commodity financing transactions (SCFT)		
Risks from SCFT assets	8.795.353	5.082.975
Risks from brokerage activities related exposures	-	-
Total risks related with securities or commodity financing transactions	8.795.353	5.082.975
Other off-balance sheet transactions		
Gross notional amounts of off-balance sheet transactions	197.379.048	183.788.436
(Adjustments for conversion to credit equivalent amounts)	(4.251.413)	(3.650.093)
Total risks of off-balance sheet items	193.127.635	180.138.343
Capital and total risks		
Tier 1 capital	80.977.302	57.496.516
Total risks	876.250.682	750.694.520
Leverage ratio		
Leverage ratio %	9,24	7,66

[*] Three month average of the amounts in the table are taken into account.

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

2. An Extract Comparison Table of Total Risks Placed in Consolidated Financial Statements Coordinated in Accordance With TAS

	Current Period (*)	Prior Period (*)
Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards (**)	693.781.550	568.436.479
The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements"	60.325	49.483
The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	255.846.636	142.583.287
The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts	42.291.398	21.524.007
The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	4.251.413	3.650.093
Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	(48.511.359)	(28.788.983)
Total Risk Amount	**876.250.682**	**750.694.520**

(*) The amounts shown in the table are 3 month averages.

(**) The current year balance of the Consolidated Financial Statements prepared in accordance with paragraph 6 of Article 5 of the Communiqué on Preparation of Consolidated Financial Statements of Banks has been prepared by using the temporary financial statements dated 31 December 2019 of the nonfinancial subsidiaries.

VIII. EXPLANATIONS ON CONSOLIDATED 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.

1. Explanations on Risk Management and Risk Weighted Amount

1.1 The Parent Bank's Risk Management Approach

It has to do with how the business model determines The Parent Bank's risk profile; how it interacts with it (e.g. key risks related to the business model and how each of these risks is reflected on explanations); and how The Parent Bank's risk profile interacts with the risk appetite approved by the board of directors

While risk appetite determines the Parent Bank's risk level, risk capacity determines its risk appetite and, therefore, risk profile. Local and international conjuncture is also considered to determine the risk level. Establishment of forward-looking strategies and policies is also considered in this regard. The Parent Bank's risk level is restricted to the limits consistent with its risk appetite.

Risk limits are determined in accordance with the level of risks that may be assumed by the Parent Bank, its activities, size and complexity of its products and services. The limits are revised and, if needed, updated regularly in line with the developments in market conditions, the Parent Bank's strategy and risk appetite.

Critical thresholds (signal and limit values) indicating that limits are approached due to internal or external developments have been identified. In the event that these values are approached or exceeded, relevant units take required actions.

Parameters regarding signal and limit structure as well as limit values of parameters are determined in coordination with the relevant units and implemented upon approval of the Audit Commission and Board of Directors.

Signal and limit values based on risk weighted assets are monitored by the Parent Bank's Risk Management Group Presidency regularly and actual values are reported periodically to the Parent Bank's Top Management.

Risk management structure: Responsibilities distributed at The Parent Bank (e.g. supervision and delegation of authority); segregation of duties by risk type, business unit, etc.; relations between structures included in risk management processes (e.g. board of directors, top management, separate risk committee, risk management unit, compliance and internal audit function)

The Parent Bank's Top Management and relevant units perform their risk management duties, authorities and responsibilities in line with the relevant legal legislation and internal Bank regulations.

Structure of the Parent Bank's risk management is consistent with the Regulation on Internal Systems and Internal Capital Adequacy Assessment Processes of Banks. Accordingly, internal system units consisting of the Inspection Board Presidency, Internal Control and Compliance Group Presidency and Risk Management Group Presidency report to the Audit Committee and Board of Directors through the Vice President who is responsible for internal systems and operates separate from executive units.

Risk measurement and monitoring activities are conducted as part of risk management and the results are considered in strategic decision-making process by relevant units and bodies. Risk management operations are conducted in accordance with the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks, issued by the BRSA, within the scope of Regulation on Risk Management, Stress Test Program and the Bank's Internal Capital Adequacy Assessment Process ("ICAAP") approved by the Bank's Board of Directors.

Organizational structure of the Parent Bank's Risk Management Group Presidency consists of credit risk management, market risk management, operational risk management and statement risks management units. Duties of risk management:
- Ensuring identification, measurement, reporting, monitoring and control of risks exposed through policies, practices and limits established to monitor, control and revise, when necessary, the risk-return structure of the Parent Bank's cash flows in the future, quality and level of its associated activities
- Conducting stress tests and scenario analyses
- Establishing and maintaining a system that will ensure determination of capital required to cover significant risks exposed or possible risks and assessment of capital adequacy/requirement level in line with the strategic goals
- Preparing ICAAP reports periodically.

ICAAP analyses and activities are validated by a team that reports to the Audit Committee independently from the team that develops and implements the methodology of such activities. The same team issues a Validation Report as well. Analyses and activities conducted within the process, including validation activities are reviewed by the Inspection Board Presidency and a Review Report is issued for the results.

Channels used for disseminating and implementing risk culture within The Bank (e.g. codes of conduct, manuals including operational limits or procedures to be performed when risk thresholds are exceeded, procedures for identifying and sharing risk issues between business units and risk units)

The Parent Bank exercises maximum efforts to perceive both risks and returns accurately during its activities and maintain its perspective for disseminating risk culture across the Bank. Accordingly, goals, vision and strategic approaches are shared in large group meetings held by the Bank's Top Management with employees.

Signal and limit structure established based on risk weighted assets is one of the channels used to disseminate risk culture within the Bank. Parameters for signal and limit structure and limit values of parameters are determined by risk management by consulting the relevant units and approved by the Board of Directors.

It is ensured that risk signal and limit structure is forwarded to relevant units in the Parent Bank and the structure is understood by the staff. Usage levels for signal and risk parameters are subject to reports submitted to the bank's Top Management.

If limits are exceeded, the Parent Bank's Top Management is notified. In such a case, matters such as risk mitigation, risk transfer or risk-averse, increasing collaterals and so on can be considered as part of required actions. If limits are exceeded, forward-looking strategies and policies of the Parent Bank—including budget figures—can be reviewed or, where necessary, revised.

Another channel used to disseminate the risk culture is in the scope of ICAAP activities. It is essential to include assessment results for capital adequacy in the ICAAP Report covering all significant risks of The Parent Bank. The report is prepared in coordination with risk management and with participation from other relevant units. Similarly, the Bank's budget goals for the upcoming years are also established with the participation of relevant units. The Parent Bank's Top Management and relevant units conduct their ICAAP duties, authorities and responsibilities in line with the Bank regulations and relevant legal legislation.

Principal elements and scope of risk measurement systems

The Parent Bank's risk measurement system functions in line with the best practices, legal regulations, fields of activity and product ranges in a consistent, reliable and integrated way. Regarding the inclusion of risk measurement results in decision-making processes, reports are elaborated with extensive explanations and assumptions to avoid any misinterpretation that may arise from errors and deficiencies.

Required activities are performed to engage in design, selection, implementation and pre-approval processes for risk measurement models; review accuracy, reliability and performance of models regularly through various methodologies and make required revisions accordingly; and report results of analyses conducted with such models.

The Parent Bank's capital adequacy ratio is calculated in accordance with the Communiqué on Measurement and Assessment of Capital Adequacy of Banks, Communiqué on Credit Risk Mitigation Techniques and other relevant legal regulations.

Counter parties/operations related to the credit risk are separated on the basis of risk classes mentioned in Appendix-1 of the Communiqué on Measurement and Assessment of Capital Adequacy of Banks, and each of them is assigned by the weight of risk in line with the matters specified for relevant risk class. Then, they are subject to risk mitigation in accordance with the principles of Communiqué on Credit Risk Mitigation Techniques and weighted based on the risk weights.

After deduction of expected loss provisions for the loans for the stage 3 in accordance with Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves, non-cash loans and commitments are included in the calculation of credit-risk-weighted amount with loan conversion rates presented in article 5 of Communiqué on Measurement and Assessment of Capital Adequacy of Banks.

Trading accounts and the values deducted from the capital base in the shareholders' equity computation are excluded from calculation of credit risk-weighted assets.

Calculations regarding to the counter party credit risk are made for repurchase agreement and derivative transactions. These transactions are added to the calculations after applying the rates presented in the amendments of the Communiqué on Measurement and Assessment of Capital Adequacy of Banks and Communiqué on Credit Risk Mitigation Techniques.

Calculations regarding counter parties credit risks are made with the basic financial collateral method and extensive collateral method for banking accounts and trading accounts respectively.

The amount subject to the total market risk is calculated through the standard method. Furthermore, value at risk forecasts are made on a daily basis and backward testing is performed so as to measure performance of the model.

Liquidity Coverage Ratio and Liquidity Risk Analysis reports for the liquidity risk are prepared in accordance with the relevant regulations. Furthermore, stress test is performed to assess maturity mismatch between sources and uses, contractual maturities as well as behavioral maturities of assets and liabilities, the Parent Bank's liquidity requirement in a worst case scenario and relevant damages that may be incurred based on scenario and sensitivity analysis activities.

Control of interest rate risk on banking accounts entails monitoring rate and maturity mismatch between sources and uses of fixed and variable interest rates, contractual maturities as well as behavioral maturities assets and liabilities and the effects of the usual and unusual changes in interest rates which is possibly uptrend and downtrend.

Explanations provided to the board of directors and top management on risk reporting processes, particularly scope and main contents of reporting

It is essential to inform the Top Management about developments and results of the analysis and activities conducted in order to achieve efficiency in risk management. Accordingly, a reporting system for informing Top Management is established and required measures are taken for healthy functioning of the system.

Informing process as part of reporting should be based on the most current data available on a periodical basis. Reports issued contain, at minimum, information on risk amount and development, legal capital requirement, legal ratios for liquidity and interest rate risks, stress test analysis results, effect of such results on capital adequacy level and ratios, realization level of risk limits and limitations, and assumptions of risk measurement method used.

As part of the reporting system, an information systems infrastructure is established for external reporting and required actions are taken to fulfill legal obligations fully in a timely manner in this regard.

Explanations on stress test (e.g. assets subject to stress test, scenarios applied, methodologies used and the use of stress test in risk management)

Stress test is intended to pre-assess the effect of negative developments in specified risk factors on amounts subject to risk and capital adequacy/requirement level.

Conducting the stress test periodically is essential, and test result must be included in internal reporting and considered in strategic decision-making process or capital management. Results of stress test analysis are considered while establishing risk management policies.

In stress test activities, shock is applied to risk factors determined (factors specific to debtor or transaction or macroeconomic variables such as exchange rate, price, interest and so on), and the effects of results on risk-weighted asset amount and capital adequacy ratio are identified. Accordingly, risk factors are identified first and then assumptions to be implemented are determined and possible losses in the future are estimated. Stress test activities include creating scenarios, which are unlikely, if not impossible, and which may affect the Bank's risk level significantly.

The results of stress test are subject to internal Bank reporting and ICAAP Report. The results of stress test may be used in processes to determine the Parent Bank's risk appetite or risk limits and identify new and current business strategies as a planning instrument and their effect on capital utilization.

Analyses of credit risk based on internal and external risk factors, counter party credit risk, liquidity risk, interest rate risk, operational risk and market risk are conducted in the case of stress tests which are subject to internal reporting.

The Board of Directors is responsible for assessing the results of the Stress Test Program and taking actions based on the results. Accordingly, actions such as revision of risk appetite, strategy and risk limits or restriction of activities to specific sectors or portfolios can be taken.

The Parent Bank's risk management, aversion and mitigation strategies and processes based on business model and monitoring processes for continuous efficiency of safeguards and mitigants

Amounts subject to credit risk can be mitigated by using one or more risk mitigation techniques in line with the legal regulations.

Funded or unfunded credit safeguard instruments are considered while using the risk mitigation technique. Whether credit safeguard instruments meet minimum compulsory conditions specified in legal regulations is checked via the system.

The Parent Bank performs risk mitigation with a simple financial method. Credibilities of guarantors are monitored and assessed in the scope of credit revision maturity.

All Bank employees are responsible for control and mitigation of operational risks based on their job definitions and business processes. All Bank units are obliged to take risk mitigation measures for mitigation of operational risks that may occur in their respective fields of activity through insurance and other risk transfer mechanisms.

The Parent Bank's market risk is mitigated through derivatives or other financial products by considering current conjuncture and risk appetite, risk capacity and risk level. Long term liabilities are obtained and the interest rate risk arising from liquidity and banking accounts is limited through the transactions performed.

Diversification of fund is deemed important for managing the liquidity risk that may occur. While the Parent Bank's fundamental funding resources are deposits, the strategy of preserving the common base structure of deposits is sustained. Besides, in order to increase the diversification of funds and decrease the maturity gap between assets and liabilities, non deposit funds such as bond/bill issuances, repo transactions and funds borrowed are executed As for the asset side of the Parent Bank, policies are pursued as part of measures to improve short term cash cycle and minimize maturity mismatch between assets and liabilities. As part of management of interest rate risk, measures are taken to reduce repricing maturity mismatch of interest sensitive assets and liabilities.

Overview of Risk Weighted Amounts

		Risk Weighted Amount		Minimum capital Requirement
		Current Period	Prior Period	Current Period
1	Credit Risk (excluding counterparty credit risk)	464.023.607	396.750.839	37.121.889
2	Standardised approach	464.023.607	396.750.839	37.121.889
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	5.889.919	3.747.369	471.194
5	Standardised approach for counterparty credit risk	5.889.919	3.747.369	471.194
6	Internal model method	-	-	-
7	Basic risk weight approach to internal models equity position in the Banking account	-	-	-
8	Investments made in collective investment companies-look through approach	-	-	-
9	Investments made in collective investment companies-mandate-based approach	2.367.231	1.022.273	189.378
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	28.277.041	15.630.514	2.262.163
17	Standardised approach	28.277.041	15.630.514	2.262.163
18	Internal model approaches	-	-	-
19	Operational risk	38.645.276	31.723.724	3.091.622
20	Basic Indicator approach	38.645.276	31.723.724	3.091.622
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)**	**539.203.074**	**448.874.719**	**43.136.246**

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2. Connections Between Financial Statements and the Risk Amounts

Differences Between Accounting Consolidation and Legal Consolidation and Matching of the Subject

			Carrying values of items				
Current Period	Carrying values as reported in published financial statements (*)	Valued amount according to TAS within legal consolidation (**)	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization on framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances at central bank	55.810.483	55.810.483	55.810.483	-	-	-	-
Banks	7.378.022	7.378.022	7.378.022	-	-	-	-
Receivables from Money Markets	621.747	621.747	417.600	204.147	-	-	-
Financial assets measured at fair value to profit or loss	2.077.124	2.077.124	105.671	-	-	1.971.453	-
Financial assets measured at fair value to other comprehensive income	113.343.270	113.343.270	70.078.873	50.624.288	-	43.264.362	-
Financial assets measured at amortised cost	18.168.766	18.168.766	18.168.766	4.093.912	-	-	-
Derivative financial assets	2.794.737	2.794.737	-	2.794.737	-	-	-
Loans (Net)	466.796.599	466.796.599	471.660.117	-	-	-	96.245
Investments in associates (Net)	308.245	284.828	284.828	-	-	-	-
Investments in subsidiaries (Net)	300.691	306.928	306.928	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	135.330	135.330	135.330	-	-	-	-
Lease receivables	3.668.751	3.668.751	3.668.751	-	-	-	-
Tangible Assets (net)	7.789.554	7.788.298	7.738.896	-	-	-	49.402
Intangible Assets (net)	906.408	935.148	-	-	-	-	935.148
Investment Propertıes (Net)	-	-	-	-	-	-	-
Tax Asset	1.217.036	1.217.036	1.217.036	-	-	-	-
Assets Held for Sale and Discontinued Operations (Net)	6.965.463	6.965.463	6.965.463	-	-	-	-
Other Assets	5.499.324	5.428.695	5.428.695	-	-	-	-
Total Assets	**693.781.550**	**693.721.225**	**649.365.459**	**57.717.084**	**-**	**45.235.815**	**1.080.795**
Liabilities							
Deposits	479.902.579	479.928.526	-	-	-	-	-
Funds Borrowed	34.258.437	34.258.437	-	2.835.538	-	-	-
Money Market Borrowings	49.294.545	49.294.545	-	47.079.527	-	-	-
Securities Issued (Net)	15.593.121	15.593.121	-	-	-	-	-
Funds	6.093.770	6.066.464	-	-	-	-	-
Derivative Financial Liabilities	1.652.201	1.652.201	-	-	-	-	-
Factoring payables	-	-	-	-	-	-	-
Other Liabilities	12.747.589	12.747.589	-	-	-	-	-
Factoring Lıabılıtıes	772.675	772.675	-	-	-	-	-
Provisions	4.136.721	4.110.794	-	-	-	-	-
Tax Liability	1.904.852	1.904.852	-	-	-	-	-
Non-Currents Liabilities or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	3.061.224	3.061.224	-	-	-	-	-
Subordinated Debt Instruments	10.103.295	10.103.295	-	-	-	-	-
Shareholders' Equity	74.260.541	74.227.502	-	-	-	-	-
Total Liabilities	**693.781.550**	**693.721.225**	**-**	**49.915.065**	**-**	**-**	**-**

(*) Financial statements prepared in accordance with the sixth paragraph of the fifth article of the "Communiqué on the Preparation of Banks' Consolidated Financial Statements" have been used.

(**) The Bank's consolidated financial statements.

Differences Between Accounting Consolidation and Legal Consolidation and Matching of the Subject

Prior Period	Carrying values as reported in published financial statements (*)	Carrying values in consolidated financial statements prepared as per TAS but in compliance with the communiqué "Preparation of Consolidated Financial Statements"(**)	Carrying values of items				
			Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances at central bank	42.882.493	42.882.030	42.882.493	-	-	-	-
Banks	9.083.108	9.083.108	9.086.630	-	-	-	-
Receivables from Money Markets	249.987	249.987	317.114	65.500	-	-	-
Financial assets measured at fair value to profit or loss	6.782.778	6.782.778	8	-	-	6.782.770	-
Financial assets measured at fair value to other comprehensive income	79.833.047	79.833.047	51.509.173	28.169.653	-	28.323.874	-
Financial assets measured at amortised cost	10.281.010	10.281.010	10.282.545	1.996.979	-	-	-
Derivative financial assets	2.058.778	2.058.778	-	2.058.778	-	-	-
Loans (Net)	395.077.052	395.077.052	398.336.130	-	-	-	1.871
Investments in associates (Net)	163.826	142.148	142.148	-	-	-	-
Investments in subsidiaries (Net)	1.738	7.975	7.975	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	87.450	87.450	87.450	-	-	-	-
Receivables from Leasing Transaction	3.978.680	3.978.680	3.978.680	-	-	-	-
Tangible Assets (net)	2.147	2.147	2.147	-	-	-	-
Intangible Assets (net)	6.805.720	6.803.755	6.741.637	-	-	-	62.118
Investment Properties (Net)	734.541	731.706	-	-	-	-	731.706
Tax Asset	1.700.181	1.700.181	1.700.181	-	-	-	-
Assets Held for Sale and Discontinued Operations (Net)	1.230.679	1.230.679	1.230.679	-	-	-	-
Other Assets	7.483.264	7.454.485	7.508.585	-	-	-	-
Total Assets	**568.436.479**	**568.386.996**	**533.813.575**	**32.290.910**	**-**	**35.106.644**	**795.695**
Liabilities							
Deposits	354.351.571	354.375.248	-	-	-	-	-
Funds Borrowed	34.848.769	34.848.769	-	2.860.112	-	-	-
Money Market Borrowings	68.603.638	68.603.638	-	25.950.344	-	-	-
Securities Issued (Net)	16.943.864	16.943.864	-	-	-	-	-
Funds	6.073.748	6.073.748	-	-	-	-	-
Derivative Financial Liabilities	1.668.169	1.668.169	-	-	-	-	-
Factoring payables	-	-	-	-	-	-	-
Other Liabilities	19.381.901	19.357.893	-	-	-	-	-
Factoring Liabilities	-	-	-	-	-	-	-
Provisions	4.769.265	4.751.072	-	-	-	-	-
Tax Liability	1.635.620	1.635.620	-	-	-	-	-
Non-Currents Liabilities or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	-	-	-	-	-	-	-
Subordinated Debt Instruments	-	-	-	-	-	-	-
Shareholders' Equity	60.159.934	60.128.975	-	-	-	-	-
Total Liabilities	**568.436.479**	**568.386.996**	**-**	**28.810.456**	**-**	**-**	**-**

(*) Financial statements prepared in accordance with the sixth paragraph of the fifth article of the "Communiqué on the Preparation of Banks' Consolidated Financial Statements" have been used.

(**) The Bank's consolidated financial statements.

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The main sources of the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements

Current Period	Total	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework
Asset carrying value amount under scope of regulatory consolidation	**693.721.225**	**649.374.976**	**57.717.084**	**45.235.815**
Liabilities carrying value amount under regulatory scope of consolidation	-	-	49.915.065	-
Total net amount under regulatory scope of consolidation	**693.721.225**	**649.374.976**	**7.802.019**	**45.235.815**
Differences in valuations	317.649.597	79.891.826	133.624.602	-
Valuation Differences	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	-	-	-	-
Differences due to consideration of provisions	-	-	-	-
Differences due to prudential filters	-	-	-	-
Amount of Risk	**1.011.370.822**	**729.266.802**	**141.426.621**	**45.235.815**

Prior Period	Total	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework
Asset carrying value amount under scope of regulatory consolidation	**568.386.996**	**533.757.038**	**32.290.910**	**35.106.644**
Liabilities carrying value amount under regulatory scope of consolidation	-	-	28.810.456	-
Total net amount under regulatory scope of consolidation	**568.386.996**	**533.757.038**	**3.480.454**	**35.106.644**
Differences in valuations	244.474.188	79.032.680	69.186.526	-
Valuation Differences	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	-	-	-	-
Differences due to consideration of provisions	-	-	-	-
Differences due to prudential filters	-	-	-	-
Amount of Risk	**812.861.184**	**612.789.718**	**72.666.980**	**35.106.644**

Explanations on differences between risk amounts and valued amounts in accordance with the Turkish Accounting Standards

There is no significant difference between financial statement values of assets and liabilities and values included in capital adequacy calculation.

3. Credit Risk Explanations

3.1. Transformation of bank's business model into components in credit risk profile

The Banks must allocate risk limits approved by board of directors of the Banks and monitor limit utilization pursuant to Article 38 of the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks issued by the BRSA and published in the Official Gazette no. 29057 dated 11 July 2014. Furthermore, pursuant to paragraph 5 of the same article, it is expected to establish a signal structure that will serve as an early warning mechanism in addition to the limit structures

Additionally, principle 5 of the Guideline for Counter Party Credit Risk Management announced to the public by the BRSA with the Agency Decision no. 6827 dated 31 March 2016 States that banks must allocate a limit for counter party credit risk (CCR).

Pursuant to aforementioned regulations, to what extent the Parent Bank gets closer to allocated limits approved by the board of directors or to what extent these levels were exceeded must be monitored by the risk management unit which was structured independent from executive units. This practice that was included in monitoring function of the risk management unit is significant as it presents a legal obligation and it helps optimization of resource utilization.

Signal and limit values for counter party credit risk transactions were determined separately for banking accounts and trading accounts based on portfolio type. Calculations were made based on ratio of risk weighted asset amounts calculated for relevant parameters to total credit and market risk weighted asset amounts and they are reported to the Parent Bank's Top Management periodically through relevant units.

In an attempt to prevent significant effects of unfavorable developments in the portfolio subject to market risk, it is essential to restrict risk level to the limits in line with the Bank's risk appetite. Market risk limits were determined as interest rate risk and currency risk limits. Current values for such limits are calculated on a daily basis with market data and reported to the Bank's Top Management through relevant units. Market risk signal and limit values are monitored dynamically in the light of market developments and, if necessary, updated based on the developments in the Bank's strategy and risk appetite.

3.2. Criteria and approach adopted for determining credit risk policy and credit risk limits

As part of credit risk management, the Parent Bank's risk management team conducts the functions of identification, measurement, monitoring and controlling of credit risk in line with the structure, size, complexity and growth rate of products and activities and reports the analysis, including stress test, and its results to the Bank's Top Management.

In an attempt to prevent significant effects of unfavorable developments in the portfolio subject to credit risk, credit risk level was restricted to the limits in line with the Parent Bank's risk appetite. The limits are revised and, if needed, updated regularly in line with the developments in market conditions, the Parent Bank's strategy and risk appetite.

There is a signal and limit structure in place, indicating that credit risk limits are almost reached as a result of internal and external developments. Parameters for signal and limit structure and limit values of parameters are determined by risk management by consulting the relevant units. The approval of Audit Committee and Board of Directors is sought in order to implement parameters and signal/limit threshold values within The Parent Bank. It is ensured that risk signal and limit structure is forwarded to relevant units in the Bank and the structure is understood by the relevant staff. Actual values are monitored closely by the risk management. Actual values regarding signal and limit parameters are reported to the Bank's Top Management.

3.3 Structure and organization of credit risk management and control function

The Parent Bank's internal system units consist of the Inspection Board Presidency, Internal Control and Compliance Presidency and Risk Management Group Presidency. Credit risk management is one of the four services under the Risk Management Group Presidency.

Activities conducted at the credit risk management unit, which is subject to inspection and controlling activities periodically, aim to establish and maintain a credit risk management infrastructure that is structured enough to meet legal obligations and flexible enough to accommodate the best practices. Accordingly, capital amount that should be reserved for credit risk is calculated; risk mitigation techniques are implemented; stress tests are conducted; credit risk signal and limit structures are monitored; activities are conducted to calculate credit risk with advanced methods and developments that may affect the Bank's credit risk are monitored. Analyses conducted are reported to the Top Management and relevant units periodically.

3.4. Relationship between credit risk management, risk control, legal compliance and internal audit functions

Risk Management Group Presidency goes through inspection and control activities periodically. In case of any findings, they are reported and required activities are performed.

Furthermore, inspection and control units involve in the process also for the ICAAP activities that constitute a significant part of risk management activities. Accordingly, ICAAP analyses and activities are validated by Internal Control and Compliance Group Presidency that reports to the Audit Commission independent from the team that develops and implements the methodology of the ICAAP analyses. The same team issues a Validation Report as well. The entire ICAAP process is subject to an inspection by the Inspection Board Presidency and reported through Examination Report issued.

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The controls on Risk Management Disclosures are carried out within the scope of Risk Management Department activities. Two separate control processes are carried out periodically in the related unit, Capital Adequacy Calculation process and other Risk Management processes control, and are carried out within the scope of capital adequacy check points and guide and control points and guidance related to other risk management activities.

All activities, new transactions and products planned by the Parent Bank; compliance with relevant laws, regulations, internal policies and banking practices is controlled. In this context, the compliance of the legislative regulations regarding the Risk Management Disclosures with the intra-bank practices is also checked.

The control activities carried out in the Head Office Units are carried out in accordance with the control periods determined by taking into account the functions and the risks of the units, the duties of the units and their effects on The Parent Bank's balance sheet. The control processes of the Head Office Units are carried out through the control points determined according to the processes, duties and powers of the unit and the control techniques are detailed in the General Directorate Control Manual.

3.5. Scope and Main Content for Reporting to Top Management and Board Members on Credit Risk Management Function and Credit Risk Exposed

It is essential to inform the Parent Bank's Top Management about developments in credit risk management and results of the analysis and activities conducted in order to achieve efficiency in risk management. Accordingly, a reporting system for informing the Parent Bank's Top Management on credit risk management is established and required measures are taken for healthy functioning of the system.

Informing process as part of reporting should be based on the most current data available on a periodical basis.

Reports issued contain, at a minimum, information on risk amount and development, legal capital requirement, stress test analysis results, effect of such results on capital adequacy level, actualization level of risk limits and limitations and assumptions of risk measurement method used.

3.6. Credit Quality of Assets

Current Period	Defaulted	Non-defaulted	Allowances/ Amortisation and impairments	Net values
Loans	14.531.430	470.096.211	14.162.291	470.465.350
Debt Securities	-	135.726.146	2.134.137	133.592.009
Off-balance sheet explosures	758.256	198.776.464	1.134.125	198.400.595
Total	**15.289.686**	**804.598.821**	**17.430.553**	**802.457.954**

Prior Period	Defaulted	Non-defaulted	Allowances/ Amortisation and impairments	Net values
Loans	8.755.997	399.753.761	9.451.879	399.057.879
Debt Securities	-	105.216.973	6.259.825	98.957.148
Off-balance sheet explosures	279.906	177.707.537	466.897	177.520.546
Total	**9.035.903**	**682.678.271**	**16.178.601**	**675.535.573**

3.7 Changes in the Defaulted Receivables and Debt Instruments

Current Period

1	Defaulted loans and debt securities at end of the previous reporting period	**8.755.997**
2	Loans and debt securities that have defaulted since the last reporting period	8.815.989
3	Returned to non-defaulted status	68.930
4	Amounts written off	-
5	Other changes	(2.971.626)
6	**Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) (*) definitions**	**14.531.430**

(*) Provisions for non-cash loans are not included in the table.

Prior Period

1	Defaulted loans and debt securities at end of the previous reporting period	**5.028.967**
2	Loans and debt securities that have defaulted since the last reporting period	4.989.088
3	Returned to non-defaulted status	85.686
4	Amounts written off	-
5	Other changes	(1.176.372)
6	**Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) (*) definitions**	**8.755.997**

(*) Provisions for non-cash loans are not included in the table.

3.8 Additional Explanations on Credit Quality of Assets

Differences between definitions and explanations of “deferred” receivables and receivables for which “provision was allocated”, and definitions of “deferred” and “provision of allocation”, if any

The Parent Bank classifies its credits and other receivables and allocates expected loss provisions pursuant to the “Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions” published in the Official Gazette no. 29750 dated 22 June 2016. The term “Deferred Receivables” is used for credits named “Loans under Close Monitoring” whose maturity is deferred for up to 90 days as of the end of period without any impairments as well as for credits named “Non-Performing Loans” whose maturity is deferred for more than 90 days or subject to impairment. In practice, the Parent Bank sets expected credit loss provisions for the stage 1 and stage 2 for credits classified as “Standard Credits” and “Under Close Monitoring” and expected loss provisions for the loans for the stage 3 for credits classified as “Non-Performing Loans”.

The portion that is not considered within the scope of “allocation of provision” among deferred receivables (over 90 days) and reasons for this practice

The Parent Bank transfers credits whose maturity is deferred for more than 90 days automatically to monitoring accounts pursuant to the classification provisions of Regulation on Provisions, and allocates provision of respective class; whereas it does not allocate expected loss provisions for fund-based credits classified as “Non-Performing Loans” pursuant to Article 13 “Exceptions” of the Regulation on Provisions as the relevant risk is not assumed by the Parent Bank.

Definitions of methods used for determining provision amount

The Bank sets expected loss provisions for loans and other receivables in accordance with the regulations stated by the Communiqué published on the Official Gazette numbered 29750 and dated 22 June 2016 on “Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions”. However, there is no judgement in the related Regulation and the BRSA’s related disclosures that would prevent further provision of the minimum amounts required.

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Definitions of restructured receivables

Real/legal persons using credit may, from time to time, face usual risks of business life such as failure to include the excessive cost increases in sales prices, loss of market share and turnover, unexpected expenses, problems in collection of receivables due to some factors that are beyond reasonable control of its own businesses or other businesses worked with. They may therefore have temporary liquidity difficulties. It involves setting new loan repayment maturities in line with cash flows for businesses which have no significant problem in credit worthiness and sustain their income-generating activities but fail, or priorly imply failure, to make their loan repayment in a timely manner due to temporary liquidity problems.

Breakdown of receivables by geographic regions, sectors and remaining maturity; receivable amounts subject to allocation of provision by geographic regions and sectors and their respective provisions; amounts removed from the assets

	Loans and Receivables	Non Preforming Loans	Expected Loss Provisions	Total
Domestic	448.235.072	13.314.367	11.211.869	450.337.570
European Union Countries	2.783.521	26.722	33.637	2.776.606
USA, Canada	4.710	4.239	4.504	4.445
OECD Countries (1)	2.587	115.688	71.086	47.189
Off-Shore Banking Regions	237.344	-	78	237.266
Other	15.164.226	1.070.414	2.841.117	13.393.523
Total	**466.427.460**	**14.531.430**	**14.162.291**	**466.796.599**

(1) OECD countries other than EU countries, USA and Canada.

	Loans and Receivables	Non Preforming Loans	Expected Loss Provisions	Total
Agriculture	76.128.791	1.810.224	1.418.452	76.520.563
Farming and Stockbreeding	75.711.609	1.789.010	1.398.460	76.102.159
Forestry	253.925	11.674	9.386	256.213
Fishing	163.257	9.540	10.606	162.191
Manufacturing	104.810.970	2.567.341	2.695.269	104.683.042
Mining and Quarrying	7.246.193	32.101	55.228	7.223.066
Production	71.937.237	2.281.898	2.019.454	72.199.681
Electric, Gas and Water	25.627.540	253.342	620.587	25.260.295
Construction	46.092.566	2.593.481	1.814.465	46.871.582
Services	107.222.843	5.137.622	6.352.487	106.007.978
Wholesale and Retail Trade	44.229.648	2.928.652	2.318.673	44.839.627
Hotel Food and Beverage Services	8.766.244	356.358	258.980	8.863.622
Transportation and Telecommunication	17.913.428	178.307	2.455.893	15.635.842
Financial Institutions	8.574.521	5.870	23.339	8.557.052
Real Estate and Leasing Services	25.712.004	1.514.297	1.229.345	25.996.956
Self Employment Services	716	93	149	660
Education Services	938.395	108.756	32.136	1.015.015
Health and Social Services	1.087.887	45.289	33.972	1.099.204
Other	132.172.290	2.422.762	1.881.618	132.713.434
Total	**466.427.460**	**14.531.430**	**14.162.291**	**466.796.599**

Information regarding breakdown of receivables according to remaining maturities is given in footnote II-4.

Aging Analysis for Deferred Receivables

The Aging Analysis regarding the loans which are overdue but yet have not lost its value has been presented below;

Current Period	Up to 1 Month	1-2 months	2-3 months	Total
Loans and Receivables (1)				
Corporate/Entrepreneur Loans	819.426	221.372	2.950.188	3.990.986
Retail Loans	70.343	14.253	5.613	90.209
Specialized Loans	811.513	188.977	133.937	1.134.427
Total	**1.701.282**	**424.602**	**3.089.738**	**5.215.622**

(1) Explanations on the amounts; For the loans with instalments, the overdue installment amounts, for other type of credits, the overdue principal amount and the remaining principal amounts of installment results with a grand total of TL 26.168.987.

Prior Period	Up to 1 Month	1-2 months	2-3 months	Total
Loans and Receivables (1)				
Corporate/Entrepreneur Loans	499.701	201.575	1.767.995	2.469.271
Retail Loans	63.928	12.439	5.405	81.772
Specialized Loans	604.810	183.072	95.164	883.046
Total	**1.168.439**	**397.086**	**1.868.564**	**3.434.089**

(1) Explanations on the amounts; For the loans with instalments, the overdue installment amounts, for other type of credits, the overdue principal amount and the remaining principal amounts of installment results with a grand total of TL 16.044.320.

Breakdown of restructured receivables by allocation of provision

Out of the Group's total restructured loans amounting to TL 10.805.869, a portion of TL 10.107.754 consists of performing loans and remaining portion of TL 698.115 consists of non-performing loans. While the specific provision allocated for non-performing loans amounts to TL 332.381, no expected loss provision (Stage 3) was allocated for non-performing loans of TL 19.094, whose risk is not assumed by the Group (31 December 2018: Out of the Group's total restructured loans amounting to TL 3.860.586, a portion of TL 3.576.692 consists of performing loans and remaining portion of TL 283.894 consists of non-performing loans. While the specific provision allocated for non-performing loans amounts to TL 171.941, no expected loss provision (Stage 3) was allocated for non-performing loans of TL 360, whose risk is not assumed by the Parent Bank)

3.9. Credit risk mitigation

3.9.1. Qualitative requirements to be disclosed to public regarding credit risk mitigation techniques

Basic characteristics of policies and processes on the extent of utilization of on-balance sheet and off-balance sheet netting

The practice of on-balance sheet and off-balance sheet netting is not used while mitigating credit risk within the Group.

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3.10. Credit risk mitigation techniques – Overview

Current Period	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans	387.419.543	84.336.819	48.242.825	67.009.421	44.952.792	-	-
Debt Securities	133.592.009	-	-	-	-	-	-
Total	**521.011.552**	**84.336.819**	**48.242.825**	**67.009.421**	**44.952.792**	**-**	**-**
Of which defaulted	12.420.194	2.111.236	733.725	2.109.151	733.709	-	-

Prior Period	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans	338.343.135	12.205.965	1.587.257	47.788.901	19.917.358	-	-
Debt Securities	96.898.370	-	-	-	-	-	-
Total	**435.241.505**	**12.205.965**	**1.587.257**	**47.788.901**	**19.917.358**	**-**	**-**
Of which defaulted	8.084.352	1.274	134	670.371	330.907	-	-

3.11. Credit risk if standard approach is used

3.11.1. Qualitative explanations on ratings used by the Banks while calculating credit risk with standard approach

Names of Credit Rating Agencies (CRA) and Export Rating Agencies (ERA) used by The Parent Bank and the reasons in case of any change during the reporting period

The Parent Bank uses ratings of Fitch Ratings International Rating Agency and Islamic International Rating Agency (IIRA) while calculating the amount subject to credit risk through standard approach. The country risk classification published by the Economic Cooperation and Development Organization (OECD) is taken as basis for the unrated central government and central banks.

Risk classes using CRA and ERA ratings

For the risk class received from banks and intermediary institutions, the ratings of the Fitch Ratings International Rating Agency are used for determining the risk weights for the risk classes using a rating grade from the risk classes specified in Article 6 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks. While the international rating score is taken into consideration for the entire risk class receivables from central governments or central banks, the ratings of the Islamic International Rating Agency (IIRA) are used. The country risk classification published by the Organization for Economic Cooperation and Development (OECD) is taken as basis for unclassified central government and central banks. The counterparties residing domestically are accepted as "Gradeless" and take the risk weight which is appropriate for the "Gradeless" category in the related risk class.

Explanation on how credit rating of debtor is used for other assets of debtor in banking accounts

While the rating assigned by Fitch Ratings International Rating Agency corresponds to credit quality level 3 in the risk class "Receivables from Central Governments or Central Banks", ratings used for the risk class "Receivables from Banks and Brokerage Houses" match with different credit quality levels.

Matching rating grades on the basis of risk

Rating grade assigned by a credit rating agency that is not listed in the BRSA's matching table is not used in calculations.

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3.12. Standard Approach- Loan risk Exposure and the Effects of Loan Risk Reduction Techniques

Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Risk Classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount
Exposures to sovereigns and their central banks	142.772.174	824.931	185.517.801	2.739.787	31.883.780	16,9%
Exposures to regional and local governments	618.948	77.751	443.045	44.102	232.054	47,6%
Exposures to administrative bodies and non-commercial entities	250.281	757.225	1.203.781	385.688	1.549.733	97,5%
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	74.194.983	14.517.448	75.389.253	8.108.048	14.062.276	16,8%
Exposures to corporates	226.687.251	120.310.850	199.982.187	63.252.866	260.017.372	98,8%
Retail exposures	160.423.783	52.259.544	143.756.084	4.531.954	110.036.616	74,2%
Exposures secured by residential property	59.603.803	352.789	59.275.334	174.748	20.818.566	35,0%
Exposures secured by commercial property	8.464.297	740.249	8.214.361	445.931	4.397.972	50,8%
Past-due items	4.794.048	-	4.075.365	-	2.680.485	65,8%
Exposures in high-risk categories	2.788.783	373.558	2.741.140	152.885	4.335.303	149,8%
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	2.496.762	112.063	2.496.762	55.817	2.367.231	92,7%
Other exposures	33.334.403	-	33.334.403	-	19.735.467	59,2%
Equity share investments	163.902	-	163.902	-	163.902	100,0%
Total	**716.593.418**	**190.326.408**	**716.593.418**	**79.891.826**	**472.280.757**	**59,3%**

Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Risk Classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount
Exposures to sovereigns and their central banks	107.894.178	758.747	144.868.014	2.509.956	20.460.158	13,9%
Exposures to regional and local governments	653.608	69.730	673.614	49.958	346.954	48,0%
Exposures to administrative bodies and non-commercial entities	259.479	726.398	882.834	300.059	1.108.297	93,7%
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	47.446.731	15.377.723	47.442.723	7.906.935	10.994.443	19,9%
Exposures to corporates	198.718.093	120.286.115	176.984.914	63.780.014	237.941.365	98,8%
Retail exposures	133.616.322	36.461.303	118.485.575	3.715.750	90.889.469	74,4%
Exposures secured by residential property	47.446.107	331.458	47.194.835	178.693	16.589.279	35,0%
Exposures secured by commercial property	6.879.814	550.210	6.727.011	327.865	3.594.586	51,0%
Past-due items	2.327.696	-	1.996.804	-	1.356.832	68,0%
Exposures in high-risk categories	2.229.276	368.990	2.214.980	197.389	3.593.812	149,0%
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	1.080.488	133.558	1.080.488	66.061	1.022.273	89,2%
Other exposures	23.398.673	-	23.398.673	-	13.474.579	57,6%
Equity share investments	148.434	-	148.434	-	148.434	100,0%
Total	**572.098.899**	**175.064.232**	**572.098.899**	**79.032.680**	**401.520.481**	**61,7%**

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3.13. Standard Approach: Receivables related with Risk Classes and Risk Weights

Current Period Risk Classes/Risk Weight	0%	10%	20%	35% secured by property mortgage	50% secured by property mortgage	50% (*)	75%	100%	150%	200%	Other	Total risk amount (post-CCF and CRM)
Exposures to sovereigns and their central banks	124.989.206	-	9.892	-	-	62.753.377	-	505.113	-	-	-	188.257.588
Exposures to regional and local government	27.549	-	34	-	-	455.033	-	4.531	-	-	-	487.147
Exposures to administrative bodies and non-commercial entities	39.577	-	199	-	-	-	-	1.549.693	-	-	-	1.589.469
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	43.103.799	-	18.032.484	-	-	18.185.446	-	1.305.658	-	-	2.869.914	83.497.301
Exposures to corporates	947.168	-	505.619	-	-	3.732.036	-	258.050.230	-	-	-	263.235.053
Retail exposures	1.049.738	-	711.761	-	-	146	146.525.565	-	-	-	828	148.288.038
Exposures secured by residential property	21.174	-	16.390	59.380.353	-	-	-	32.165	-	-	-	59.450.082
Exposures secured by commercial property	8.297	-	8.916	-	8.493.780	-	-	149.299	-	-	-	8.660.292
Past-due items	13	-	-	-	-	2.789.733	-	1.285.619	-	-	-	4.075.365
Exposures in high-risk categories	1.938	-	2.174	-	-	-	-	2	2.889.911	-	-	2.894.025
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	185.348	-	-	-	-	-	-	2.367.231	-	-	-	2.552.579
Equity share investments	-	-	-	-	-		-	163.902	-	-	-	163.902
Other exposures	13.598.929	-	9	-	-	-	-	19.735.465	-	-	-	33.334.403
Total	**183.972.736**	**-**	**19.287.478**	**59.380.353**	**8.493.780**	**87.915.771**	**146.525.565**	**285.148.908**	**2.889.911**	**-**	**2.870.742**	**796.485.244**

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

Prior Period Risk Classes/Risk Weight	0%	10%	20%	35% secured by property mortgage	50% secured by property mortgage	50% (*)	75%	100%	150%	200%	Other	Total risk amount (post-CCF and CRM)
Exposures to sovereigns and their central banks	106.942.573	-	9.399	-	-	39.935.440	-	490.558	-	-	-	147.377.970
Exposures to regional and local government	31.656	-	35	-	-	689.868	-	2.013	-	-	-	723.572
Exposures to administrative bodies and non-commercial entities	74.516	-	100	-	-	-	-	1.108.277	-	-	-	1.182.893
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	26.299.347	-	13.204.035	-	-	14.985.279	-	860.997	-	-	-	55.349.658
Exposures to corporates	497.556	-	405.916	-	-	4.002.552	-	235.858.904	-	-	-	240.764.928
Retail exposures	710.828	-	414.870	-	-	900	121.074.727	-	-	-	-	122.201.325
Exposures secured by residential property	8.215	-	5.108	47.341.458	-	-	-	18.747	-	-	-	47.373.528
Exposures secured by commercial property	2.609	-	3.087	-	6.910.422	-	-	138.758	-	-	-	7.054.876
Past-due items	134	-	-	-	-	1.279.676	-	716.994	-	-	-	1.996.804
Exposures in high-risk categories	449	-	2.387	-	-	-	-	41.928	2.367.605	-	-	2.412.369
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	124.276	-	-	-	-	-	-	1.022.273	-	-	-	1.146.549
Equity share investments	-	-	-	-	-	-	-	148.434	-	-	-	148.434
Other exposures	9.923.169	-	1.156	-	-	-	-	13.474.348	-	-	-	23.398.673
Total	**144.615.328**	**-**	**14.046.093**	**47.341.458**	**6.910.422**	**60.893.715**	**121.074.727**	**253.882.231**	**2.367.605**	**-**	**-**	**651.131.579**

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

3.14. Credit risk under Internal Ratings-Based (IRB) Approach

Standard approach is used in the Group's credit risk calculations.

3.15. Counter Party Credit Risk Explanations

Risk management goals and policies for CCR

As part of the Parent Bank's counter party credit risk management, the functions of identification, measurement, monitoring and controlling of counter party credit risk are conducted in line with the structure, size, complexity and growth rate of products and activities, and the analysis, including stress test, and its results are reported to the Top Management.

As part of capital adequacy ratio calculations, activities for counter party credit risk are an integral part of planning, monitoring and controlling of total risk profile, and counter party credit risk management is integrated to periodic risk management process.

In the scope of counter party risk management, it is aimed to meet legal obligations and to establish and maintain counter party credit risk management infrastructure that is flexible and structured enough to accommodate the best practices. Accordingly, it is planned to conduct stress test activities, improve counter party credit risk signal and limit structure and conduct relevant monitoring function.

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

Operational limit allocation method specified in the scope of internal capital calculated for CCR and CCP risks

Critical thresholds (signal and limit values) indicating that limits are approached due to internal or external developments have been identified. In the event that these values are approached or exceeded, relevant units take required actions.

Parameters for signal and limit structure and limit values of parameters are determined by consulting the relevant units and implemented at The Parent Bank upon approval of the Audit Committee and Board of Directors.

Internal limits are determined by considering the Parent Bank's budget, strategy and expectations for upcoming years, developments in Turkey and abroad and historical realization of risks.

Policies for establishing guarantee and other risk mitigation and CCR, including CCP risk

In an attempt to identify the counter party credit risk that the Parent Bank may face, risk measurement and monitoring activities are performed and their results are considered in strategic decision-making process.

Our risk management structure involves activities to ensure that counter party credit risk measurement system functions and is maintained in line with the best practices, legal regulations, fields of activity and product ranges in a consistent, reliable and integrated way.

As part of counter party credit risk management, stress test scenarios were created by anticipating any unfavorable developments in macroeconomic conditions and the Parent Bank's balance sheet. Results of stress test analysis are considered while establishing risk management policies.

Amount subject to counter party credit risk is calculated with appraisal method based on its fair value in accordance with the Communiqué on Measurement and Assessment of Capital Adequacy of Banks and provisions in Appendix-2, and reported on a monthly basis. Accordingly, replacement cost and potential counter party credit risk amounts are calculated. Furthermore, capital obligation is also calculated for credit appraisal adjustment for all derivatives.

Additionally, compliance of transactions posing counter party credit risk with thresholds within signal and limit structure is monitored and research is conducted for counter party credit risk calculations with advanced methods.

Rules for countertrend risk

Boasting a strong lending and collateralization structure, the Parent Bank avoids collateralization in positive correlation with the debtor's credibility and activities in connection with risk mitigation techniques are performed by considering qualitative criteria specified in legal legislation for calculation of amount subject to credit risk.

Amount of additional collateral that the Parent Bank must submit in case of a decline in credit rating

As the Parent Bank has no transactions in connection with credit rating, there is not any additional collateral amount it must pay.

3.16 Evaluation of Counterparty Credit Risk in Accordance with the Measurement Methods

	Current Period	Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) (*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
	Valuation Method according to fair value - CCR (for derivatives)	3.314.970	1.453.786			4.768.756	2.130.456
1	Standardised approach - CCR (for derivatives)	-	-		1,4	-	-
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					36.549.393	2.950.852
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					2.930.600	665.492
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	**Total**						**5.746.800**

(*) Effective Expected Positive Exposure

	Prior Period	Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) (*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
	Valuation Method according to fair value - CCR (for derivatives)	1.845.786	585.789			2.431.575	1.134.522
1	Standardised approach - CCR (for derivatives)	-	-		1,4	-	-
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					16.337.647	1.739.740
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					3.178.525	817.062
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	**Total**						**3.691.324**

(*) Effective Expected Positive Exposure

3.17. Capital Requirement for Loan Valuation Adjustments

	Current Period	Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardised CVA capital charge	4.768.756	85.704
4	**Total subject to the CVA capital charge**	**4.768.756**	**85.704**

	Prior Period	Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardised CVA capital charge	2.431.575	56.045
4	**Total subject to the CVA capital charge**	**2.431.575**	**56.045**

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

Current Period Risk Weight/Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Exposures to sovereigns and their central banks	2.734.946	-	-	457.031	-	133.957	-	-	3.325.934
Exposures to regional and local governments	5.001	-	-	-	-	-	-	-	5.001
Exposures to administrative bodies and non-commercial entities	2.816	-	-	-	-	-	-	-	2.816
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	42.841.324	-	11.474.227	5.550.242	-	269	-	2.869.914	62.735.976
Exposures to corporates	13.412	-	-	-	-	398.784	-	-	412.196
Retail exposures	162.312	-	-	-	1.349	-	-	828	164.489
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	185.348	-	-	-	-	-	-	-	185.348
Equity share investments	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-
Total	**45.945.159**	**-**	**11.474.227**	**6.007.273**	**1.349**	**533.010**	**-**	**2.870.742**	**66.831.760**

(*) Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.
(**) Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit.

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Prior Period Risk Weight/Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Exposures to sovereigns and their central banks	880.014	-	-	5.242	-	61.494	-	-	946.750
Exposures to regional and local governments	5.017	-	-		-	-	-	-	5.017
Exposures to administrative bodies and non-commercial entities	1.812	-	-	-	-		-	-	1.812
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	26.243.471	-	6.442.448	4.122.603	-	18.501	-	-	36.827.023
Exposures to corporates	59.801	-	-	-	-	305.088	-	-	364.889
Retail exposures	4.395	-	-	-	5.149	-	-	-	9.544
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	124.277	-	-	-	-	6.012	-	-	130.289
Equity share investments	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-
Total	**27.318.787**	**-**	**6.442.448**	**4.127.845**	**5.149**	**391.095**	**-**	**-**	**38.285.324**

(*) Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.
(**) Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit risk.

3.19. Risk classes and counterparty credit risk explanations

None.

Collaterals for CCR

	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given			
Current Period	Segregated	Unsegregated	Segregated	Unsegregated	Collateral received	Collateral given
Cash-domestic currency	-	-	-	-	26.936.138	-
Cash-foreign currency	-	-	-	-	22.943.367	-
Domestic sovereign debts	-	-	-	-	70.190	-
Other sovereign debts	-	-	-	-	133.957	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	50.083.652	-

	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
Prior Period	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	14.898.153	-
Cash-foreign currency	-	-	-	-	14.612.240	-
Domestic sovereign debts	-	-	-	-	4.005	-
Other sovereign debts	-	-	-	-	61.425	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**29.575.823**	**-**

Credit Derivatives

None.

Risk Weight changes under CCR on the Internal Modeling Management Methods.

None.

Risks Related with Other Parts of the Center

		Exposure at default (post-CRM)	RWA
1	**Exposure to Qualified Central Counterparties (QCCPs) (total)**	2.870.742	57.415
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC Derivatives	-	-
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	1.088.022	21.760
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	-
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	1.782.720	35.655
10	Unfunded default fund contributions	-	-
11	**Exposures to non-QCCPs (total)**	-	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which)	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

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Explanations on Securitization Disclosures

None.

4. Explanations on Market Risk

4.1. The Parent Bank's process and strategies: A disclosure on the Bank's strategic goals for trading activities is made in a manner that includes processes for identification, measurement, monitoring and controlling of the Parent Bank's market risks, hedging processes and strategies/ processes for monitoring continuity of hedging efficiency

For the purposes of market risk aversion in line with financial risk management, the Parent Bank has identified market risk management activities in accordance with the Communiqué on Measurement and Assessment of Capital Adequacy of Banks and the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks and has taken required precautions.

The Parent Bank's market risk management policies and implementation procedures have been specified in the scope of the Regulation on Risk Management, Stress Test Program and ICAAP approved by the Board of Directors.

The Parent Bank ensures that measurement, monitoring, limiting, stress test and scenario analysis activities are conducted in line with the structure and complexity of its positions for market risk management and their results are reported periodically. Activities sustained are conducted over a trading portfolio specified by the Bank's Treasury Management and other activities subject to market risk.

The amount subject to market risk is calculated and monitored with standard method and advanced measurement method at the Parent Bank. Furthermore, scenario analysis and stress tests are also conducted periodically.

4.2. Organization and structure of market risk management function: Definition of market risk management structure established for implementation of the Parent Bank's strategies and processes as mentioned in line i) and definition of communication mechanism and relationship between different parties involved in market risk management

Market risk management is a subunit of Risk Management Group Presidency, one of internal systems units established independently from executive units of the Parent Bank.

Market risk management activities are conducted in line with the Regulation on Risk Management, Stress Test Program and ICAAP approved with the Board Decision no. 15/18 dated 28 April 2015 and performed by aiming the best practices in this structure.

The Parent Bank's trading activities and transactions subject to market risk are monitored and measured regularly and required practices are performed for risk management. Required reports on market risk are submitted to relevant units and the Parent Bank's Top Management regularly.

4.3. Structure and scope of risk reporting and/or measurement systems

The amount subject to the Parent Bank's market risk is calculated on a monthly basis with the standard method and included in the Bank's capital adequacy ratio.

Apart from the standard method, Value at Risk (VaR) estimations are made for trading accounts on a daily basis and reported to relevant units. VaR calculated with Historical Simulation Method is used in daily reporting and limit measurement with a confidence level of 99%. VaR can be calculated with Parametric and Monte Carlo Methods in addition to Historical Simulation Method. Backward testing is performed so as to measure performance of used model and monitor market realization. Also, the Parent Bank performs stress tests and scenario analyses on a daily and monthly basis so as to observe the effect of excessive market fluctuations that are not covered in the models on the Parent Bank's financial position. Scenario analysis and stress test activities are reviewed and improved regularly in line with the market dynamics.

The market risk exposure is restricted with VaR-based limits (interest rate and currency risk limit) within the context of the Regulation on Risk Management, Stress Test Program and ICAAP. Market risk limits are determined by the Bank's Board of Directors.

Standard approach-Current Period		RWA	
	Outright products	Current Period	Prior Period
1	Interest rate risk (general and specific)	15.626.574	11.757.115
2	Equity risk (general and specific)	752.996	454.090
3	Foreign exchange risk	11.897.471	3.419.309
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitization	-	-
9	**Total**	**28.277.041**	**15.630.514**

Standard method is being used by The Parent Bank to calculate the risk of the sector.

5. Explanations on the Operational Risk

In the Parent Bank, Amount subject to Operational Risk is calculated with Basic Indicator Approach based on yearly. The parameter which determines the amount subject to operational risk in Basic Indicator Approach is gross revenue. Yearly gross revenue is calculated by adding net interest incomes to net fees and commission income, dividend income, trading profit/loss (net) and other operating incomes and also by deducting profit/loss gained from sale of securities monitored out of purchase-sale account, extraordinary incomes, operating expense made against support service and amounts compensated from insurance.

Within the scope of the performances for modeling with the Advanced Measurement Approach of operational risk, based on the data in Operational Risk Loss database, Operational Value at Risk (OpVAR) measurements are calculated using Monte Carlo Simulation within the scope of Loss Distribution Method.

Current Period	31.12.2016	31.12.2017	31.12.2018	Total/Number of Positive GI years	Ratio (%)	Total
Gross Income	17.048.849	20.914.474	23.869.120	20.610.814	15	**3.091.622**
Amount Subject to Operational Risk (Total * 12,5)						**38.645.276**

Prior Period	31.12.2015	31.12.2016	31.12.2017	Total/Number of Positive GI years	Ratio (%)	Total
Gross Income	12.794.636	17.048.849	20.914.474	16.919.320	15	**2.537.898**
Amount Subject to Operational Risk (Total * 12,5)						**31.723.724**

6. Explanations on the Interest Rate Risk for Banking Book

Banking accounts interest rate risk management strategy policy and implementation procedures are determined within the context of "Regulation on Risk Management, Stress Test Program and the Parent Bank's Internal Capital Adequacy Assessment Process ("ICAAP")".

The Parent Bank performs scenario analysis with measurements that are suitable for structure and complexness of positions related to the market risk management, limiting, scenario analysis and stress test and also reports the findings cyclically. The Parent Bank's perform analysis related to interest rate risks for the entire balance sheet. New products and services are also evaluated from the point of interest rate risk that is originated from banking accounts.

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In the risk management, the following methods are followed at minimum level: The follow-up of rate and maturity mismatch between sources and uses of fixed and variable interest rates, the analysis and follow-up of the effects of the usual and unusual changes in interest rates which is possibly uptrend and downtrend on the interest margin and on the current value of assets and liabilities, the analysis and follow-up of contractual maturities as well as behavioral maturities assets and liabilities, monitoring closely of interest margins for provided Turkish Liras and foreign currency, the follow-up of the effects of interest rate changes on the Bank's economic value and capital requirement, the follow-up of potential impacts of valuation methods, the calculation and the determination of the size of interest rate shock in Bank's internal applications, the follow-up of yield curve risk. Also, in order to limit the impact of interest rate changes on Bank's financial structure, the interest rate risk limit arising from banking accounts which is approved by the Board of Directors is followed monthly.

Type of Currency -Current Period	Shock Applied (+/- x basis point)	Gains/(Losses)	Gains/Equity-(Losses)/Equity
1. TL	500	(12.679.918)	(15,16%)
2. TL	(400)	12.351.574	14,77%
3. EUR	200	701.590	0,84%
4. EUR	(200)	(376.572)	(0,45%)
5. USD	200	(3.066.038)	(3,67%)
6. USD	(200)	3.997.006	4,78%
Total (of negative shocks)		**15.972.008**	**19,10%**
Total (of positive shocks)		**(15.044.366)**	**(17,99%)**

Type of Currency-Prior Period	Shock Applied (+/- x basis point)	Gains/(Losses)	Gains/Equity-(Losses)/Equity
1. TL	500	(7.858.209)	(13,08%)
2. TL	(400)	7.553.954	12,58%
3. EUR	200	335.294	0,56%
4. EUR	(200)	(305.553)	(0,51%)
5. USD	200	(1.960.562)	(3,26%)
6. USD	(200)	2.589.906	4,31%
Total (of negative shocks)		**9.838.307**	**16,38%**
Total (of positive shocks)		**(9.483.477)**	**(15,79%)**

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 December 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

IX. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS

Organizational and internal reporting structure of the Group is determined in line with TFRS 8 "Operating Segments".

The Group 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 Parent Bank renders services, such as; deposits, consumer loans, loans originated from public funds whose risk does not belong to the Parent 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 Parent Bank has the technical infrastructure required by modern banking to meet its clients' needs.

In the context of corporate and SME banking, the Group 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 Financial Management 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 Parent Bank's liquidity and securities portfolio management, deposit and non-deposit funding management activities are being executed. Additionally the distribution of treasury products to branches and other channels for marketing purposes and the intermediation to the customers' trade finance are other responsibilities. The Parent 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 Parent 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 December 2019 explanations on segment reporting as shown on the following page are in line with Communiqué on "Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures".

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1. Table for Segment Reporting

Current Period	Retail Banking	Corporate/ Entrepreneur banking	Specialized Banking	Treasury/ Investment Banking	Consolidation Corrections	Other/ Undistributed	Total
OPERATING INCOME/EXPENSE							
Interest Income	**14.772.768**	**27.418.265**	**8.386.213**	**18.563.542**	**-**	**577.994**	**69.718.782**
Interest Income from Loans	14.772.768	27.418.265	8.386.213	5.497.898	-	-	56.075.144
Interest Income from Banks	-	-	-	355.434	-	-	355.434
Interest Income from Securities	-	-	-	12.221.439	-	-	12.221.439
Other Interest Income	-	-	-	488.771	-	577.994	1.066.765
Interest Expense	**18.825.682**	**7.435.705**	**-**	**15.283.489**	**-**	**358.173**	**41.903.049**
Interest Expense on Deposits	18.825.682	7.435.705	-	2.838.240	-	-	29.099.627
Interest Expense on Funds Borrowed	-	-	-	1.747.982	-	-	1.747.982
Interest Expense on Money Market Transactions	-	-	-	8.939.821	-	-	8.939.821
Interest Expense on Securities Issued	-	-	-	1.757.446	-	-	1.757.446
Other Interest Expense	-	-	-	-	-	358.173	358.173
Net Interest Income/Expense	**(4.052.914)**	**19.982.560**	**8.386.213**	**3.280.053**	**-**	**219.821**	**27.815.733**
Net Fees and Commission Income/Expense	**3.285.163**	**2.195.210**	**126.736**	**(1.835.461)**	**-**	**(531.814)**	**3.239.834**
Fees and Commissions Received	3.285.163	2.214.008	126.736	11.581	-	(209.240)	5.428.248
Fees and Commissions Paid	-	18.798	-	1.847.042	-	322.574	2.188.414
Dividend Income	**-**	**-**	**-**	**1.078.317**	**(1.052.345)**	**-**	**25.972**
Trading Profit/Loss (Net)	**-**	**-**	**-**	**(7.747.787)**	**-**	**(7.152)**	**(7.754.939)**
Other Operating Income	**124.808**	**446.218**	**29.882**	**122.064**	**(71.422)**	**1.512.405**	**2.163.955**
Provision for Expected Loss (-)	**1.750.036**	**4.298.012**	**1.010.658**	**-**	**-**	**155.834**	**7.214.540**
Other Provision Expenses (-)	**38.464**	**4.162**	**-**	**14.999**	**-**	**217.862**	**275.487**
Personnel Expenses (-)	**-**	**-**	**-**	**-**	**-**	**3.813.756**	**3.813.756**
Other Operating Expense	**2.199.792**	**87.992**	**64.779**	**9.803**	**-**	**4.240.230**	**6.602.596**
Net Operating Profit/Loss	**(4.631.235)**	**18.233.822**	**7.467.394**	**(5.127.616)**	**(1.123.767)**	**(7.234.422)**	**7.584.176**
Profit/Loss on Equity Method Applied Subsidiaries	**-**	**-**	**-**	**-**	**39.842**	**44.431**	**84.273**
Tax Provision	**-**	**-**	**-**	**-**	**-**	**(1.776.755)**	**(1.776.755)**
Discontinued Operations Profit/Loss Before Taxes	**-**	**-**	**-**	**-**	**-**	**1.801.496**	**1.801.496**
Discontinued Operations Tax Provision	**-**	**-**	**-**	**-**	**-**	**(335.716)**	**(335.716)**
Net Profit/Loss	**(4.631.235)**	**18.233.822**	**7.467.394**	**(5.127.616)**	**(1.083.925)**	**(7.500.966)**	**7.357.474**
SEGMENT ASSETS							
Financial Assets at FV Through P/L	-	-	-	2.077.124	-	-	2.077.124
Banks and Receivables from Money Market	-	-	-	7.999.770	-	-	7.999.770
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	113.343.110	160	-	113.343.270
Loans	120.921.280	255.916.730	70.408.159	23.219.181	-	-	470.465.350
Financial Assets Measured at Amortised Cost (Net)	-	-	-	18.168.766	-	-	18.168.766
Derivative Financial Assets	-	-	-	2.794.737	-	-	2.794.737
Associates, Subsidiaries and Joint Ventures	-	-	-	7.990.970	(7.263.884)	-	727.086
Other Assets	18.767	5.070.698	150.770	48.015.157	(132.941)	25.022.671	78.145.122
TOTAL SEGMENT ASSETS	**120.940.047**	**260.987.428**	**70.558.929**	**223.608.815**	**(7.396.665)**	**25.022.671**	**693.721.225**
SEGMENT LIABILITIES							
Deposits	338.845.798	93.581.093	-	31.837.650	-	15.663.985	479.928.526
Derivative Financial Liabilities Held for Trading	-	-	-	1.652.201	-	-	1.652.201
Funds Borrowed	-	-	-	34.258.437	-	-	34.258.437
Money Market Funds	6.649	26.580.217	-	22.707.679	-	-	49.294.545
Securities Issued (Net)	-	-	-	15.593.121	-	-	15.593.121
Provisions	868	1.093.910	-	14.393	-	3.001.623	4.110.794
Other Liabilities	-	-	-	-	15.145	34.640.954	34.656.099
Shareholders' Equity	-	-	-	-	(7.427.955)	81.655.457	74.227.502
TOTAL SEGMENT LIABILITIES	**338.853.315**	**121.255.220**	**-**	**106.063.481**	**(7.412.810)**	**134.962.019**	**693.721.225**

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

Prior Period	Retail Banking	Corporate/ Entrepreneur banking	Specialized Banking	Treasury/ Investment Banking	Consolidation Corrections	Other/ Undistributed	Total
OPERATING INCOME/EXPENSE							
Interest Income	**11.590.132**	**20.457.267**	**6.933.515**	**16.756.337**	**-**	**397.457**	**56.134.708**
Interest Income from Loans	11.590.132	20.457.267	6.933.515	4.372.701	-	-	43.353.615
Interest Income from Banks	-	-	-	493.737	-	-	493.737
Interest Income from Securities	-	-	-	11.121.497	-	-	11.121.497
Other Interest Income	-	-	-	768.402	-	397.457	1.165.859
Interest Expense	**13.205.477**	**5.500.168**	**-**	**13.410.101**	**-**	**153.505**	**32.269.251**
Interest Expense on Deposits	13.205.477	5.500.168	-	1.829.946	-	-	20.535.591
Interest Expense on Funds Borrowed	-	-	-	1.501.841	-	-	1.501.841
Interest Expense on Money Market Transactions	-	-	-	8.816.678	-	-	8.816.678
Interest Expense on Securities Issued	-	-	-	1.261.636	-	-	1.261.636
Other Interest Expense	-	-	-	-	-	153.505	153.505
Net Interest Income/Expense	**(1.615.345)**	**14.957.099**	**6.933.515**	**3.346.236**	**-**	**243.952**	**23.865.457**
Net Fees and Commission Income/ Expense	**1.818.791**	**1.540.803**	**99.403**	**(795.106)**	**-**	**30.815**	**2.694.706**
Fees and Commissions Received	1.818.791	1.558.354	99.539	13.885	-	373.029	3.863.598
Fees and Commissions Paid	-	17.551	136	808.991	-	342.214	1.168.892
Personnel Expense (-)	**-**	**-**	**-**	**-**	**-**	**3.175.068**	**3.175.068**
Dividend Income	**-**	**-**	**-**	**292.310**	**(287.502)**	**-**	**4.808**
Trading Profit/Loss (Net)	**-**	**-**	**-**	**(3.761.230)**	**-**	**(39.926)**	**(3.801.156)**
Other Operating Income	**36.047**	**191.351**	**30.671**	**4.260**	**-**	**3.187.797**	**3.450.126**
Provision for Expected Loss (-)	**1.170.972**	**3.152.377**	**805.633**	**1.096**	**-**	**95.611**	**5.225.689**
Other Operating Expense	**1.723.739**	**85.283**	**53.863**	**-**	**-**	**4.120.723**	**5.983.608**
Net Operating Profit/Loss	**(2.655.218)**	**13.451.593**	**6.204.093**	**(914.626)**	**(287.502)**	**(3.968.764)**	**11.829.576**
Profit/Loss on Equity Method Applied Subsidiaries	**-**	**-**	**-**	**-**	**46.756**	**-**	**46.756**
Tax Provision	**-**	**-**	**-**	**-**	**-**	**(2.532.212)**	**(2.532.212)**
Net Profit/Loss	**(2.655.218)**	**13.451.593**	**6.204.093**	**(914.626)**	**(240.746)**	**(6.500.976)**	**9.344.120**
SEGMENT ASSETS							
Financial Assets at FV Through P/L	-	-	-	6.782.778	-	-	6.782.778
Banks and Receivables from Money Market	-	-	-	9.333.095	-	-	9.333.095
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	79.830.814	2.233	-	79.833.047
Loans	94.703.180	219.844.242	64.158.050	17.086.392	-	3.266.015	399.057.879
Financial Assets Measured at Amortised Cost (Net)	-	-	-	10.281.010	-	-	10.281.010
Derivative Financial Assets	-	-	-	2.058.778	-	-	2.058.778
Associates, Subsidiaries and Joint Ventures	-	-	-	7.655.170	(7.417.597)	-	237.573
Other Assets	-	-	-	-	1.831	60.801.005	60.802.836
TOTAL SEGMENT ASSETS	**94.703.180**	**219.844.242**	**64.158.050**	**133.028.037**	**(7.413.533)**	**64.067.020**	**568.386.996**
SEGMENT LIABILITIES							
Deposits	257.256.430	62.710.117	-	26.578.726	-	7.829.975	354.375.248
Derivative Financial Liabilities Held for Trading	-	-	-	1.668.169	-	-	1.668.169
Funds Borrowed	-	-	-	34.848.769	-	-	34.848.769
Money Market Funds	-	-	-	68.603.638	-	-	68.603.638
Securities Issued (Net)	-	-	-	16.943.864	-	-	16.943.864
Provisions	4.339	453.913	-	-	-	4.292.820	4.751.072
Other Liabilities	-	-	-	-	(27.731)	27.094.992	27.067.261
Shareholders' Equity	-	-	-	-	(7.385.802)	67.514.777	60.128.975
TOTAL SEGMENT LIABILITIES	**257.260.769**	**63.164.030**	**-**	**148.643.166**	**(7.413.533)**	**106.732.564**	**568.386.996**

X. EXPLANATIONS ON THE FAIR VALUE REALIZATION OF FINANCIAL ASSETS AND LIABILITIES

1. Information Regarding the Fair Value of Financial Assets and Liabilities

Current Period	Book Value	Fair Value
Financial Assets	**620.478.429**	**620.308.994**
Due from Interbank Money Market	621.769	621.769
Banks	7.382.885	7.382.885
Available-for-sale Financial Assets	113.343.270	113.343.270
Held-to-maturity Investments	18.171.615	18.002.180
Loans	480.958.890	480.958.890
Financial Liabilities	**571.187.304**	**571.187.304**
Bank Deposits	31.480.628	31.480.628
Other Deposits	448.447.898	448.447.898
Funds Borrowed from Other Financial Institutions	34.258.437	34.258.437
Issued Marketable Securities	49.294.545	49.294.545
Miscellaneous Payables	7.705.796	7.705.796

Prior Period	Book Value	Fair Value
Financial Assets	**498.520.678**	**498.548.800**
Due from Interbank Money Market	9.097.120	9.097.120
Banks	250.087	250.087
Available-for-sale Financial Assets	79.833.047	79.833.047
Held-to-maturity Investments	10.282.545	10.310.667
Loans	399.057.879	399.057.879
Financial Liabilities	**411.718.296**	**411.718.296**
Bank Deposits	25.431.910	25.431.910
Other Deposits	328.943.338	328.943.338
Funds Borrowed from Other Financial Institutions	34.848.769	34.848.769
Issued Marketable Securities	16.943.864	16.943.864
Miscellaneous Payables	5.550.415	5.550.415

Receivables from money markets, receivables from banks and bank deposits are of short term nature, therefore carrying values are considered as fair value.

In determination of book and fair value of available-for-sale securities, market prices are taken into consideration. If these securities are not traded in an active market, the indicator prices calculated by CBRT are taken into account.

The fair value of held to maturity financial assets is calculated by considering market prices. In cases where these prices cannot be determined, the fair value is assessed on the basis of market prices quoted for securities that have the same attributes in terms of interest, maturity and other terms.

The fair value of loans and other deposits represent the sum of the cost and the accrued interest.

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

2. Information on Fair Value Measurements Recognized in the Financial Statements

According to TFRS 7 "Financial Instruments: Explanations" Standard, the accounts recognized with the fair value in the balance sheet should be presented and classified sequentially in the related footnotes. Respectively, such financial instruments are classified in three levels representing the importance of the data used during for the measurement of fair values. At level one, the financial instruments whose fair values are determined with the recorded prices in the active markets for the assets and liabilities with identical fair values; at level two, the financial instruments whose fair value is based on the directly or indirectly observable market indicators and at level three; the financial instruments whose fair value is not based on the directly or indirectly observable market indicators are considered. The financial instruments which are recognized with their fair values at the Bank's balance sheet, are presented with respect to such basis of classification in the table below:

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss)	**2.077.124**	**-**	**-**	**2.077.124**
Government Debt Securities	1.906.204	-	-	1.906.204
Marketable Securities	23	-	-	23
Other Marketable Securities	170.897	-	-	170.897
Financial Assets at Fair Value Through Other Comprehensive Income	**112.686.767**	**502.864**	**122.845**	**113.312.476**
Government Debt Securities	109.602.957	-	-	109.602.957
Marketable Securities [1]	386.630	108	122.845	509.583
Other Marketable Securities	2.697.180	502.756	-	3.199.936
Derivative Financial Assets	**-**	**2.794.737**	**-**	**2.794.737**
Subsidiaries and Joint Ventures [2]	**-**	**-**	**135.330**	**135.330**
Total Assets	**114.763.891**	**3.297.601**	**258.175**	**118.319.667**
Derivative Financial Liabilities	-	1.652.201	-	1.652.201
Total Liabilities	**-**	**1.652.201**	**-**	**1.652.201**

[1] Since equity securities under the heading of Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income amounting to TL 30.794 are not quoted in an active market, they are presented with their acquisition costs in the financial statements and are not included in the table above.
[2] Information on domestic partnerships monitored over acquisition cost is not shown in this table.

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss)	**6.782.778**	**-**	**-**	**6.782.778**
Government Debt Securities	6.400.882	-	-	6.400.882
Marketable Securities	8	-	-	8
Other Marketable Securities	381.888	-	-	381.888
Financial Assets at Fair Value Through Other Comprehensive Income	**79.377.439**	**310.530**	**117.650**	**79.805.619**
Government Debt Securities	77.888.939	-	-	77.888.939
Marketable Securities [1]	227.647	4.993	117.650	350.290
Other Marketable Securities	1.260.853	305.537	-	1.566.390
Derivative Financial Assets	**28.910**	**2.029.868**	**-**	**2.058.778**
The Loans Measured at Fair Value Through Profit or Loss	**-**	**-**	**40.852**	**40.852**
Subsidiaries and Joint Ventures [2]	**-**	**-**	**87.450**	**87.450**
Total Assets	**86.189.127**	**2.340.398**	**245.952**	**88.775.477**
Trading Derivative Financial Liabilities	31.241	1.636.928	-	1.668.169
Total Liabilities	**31.241**	**1.636.928**	**-**	**1.668.169**

[1] Since equity securities under the heading of financial assets available for sale amounting to TL 27.428 are not quoted in an active market, they are presented with their acquisition costs in the financial statements and are not included in the table above.
[2] Information on domestic partnerships monitored over acquisition cost is not shown in this table.

The movement of financial assets in Level 3 is presented below:

	Current Period	Prior Period
Balances at Beginning of Period	**245.952**	**166.255**
Purchases	23.788	59.130
Disposals Through Sale/Redemptions	40.852	-
Valuation Effect	29.287	20.567
Transfers	-	-
Balances at the End of Period	**258.175**	**245.952**

XI. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES

1. Transaction, Custody, Management and Consultancy Services of The Group on behalf of Third Parties:

The Group acts as an intermediary for purchases and sales of government securities on behalf of real persons and corporate, conducts repo transactions, and provides custody services. The Group does not provide consultancy and management services.

2. Transactions with Other Financial Institutions Under Fiduciary Transaction Agreements and Financial Services Rendered to Other Financial Institutions Under the Scope Of Fiduciary Transactions and the Effects of Such Services to the Financial Position of the Parent Bank or the Group

The Parent Bank has no fiduciary transactions.

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED 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	2.096.092	2.744.823	2.099.128	1.668.232
Central Bank of the Republic of Turkey	851.533	47.135.173	3.059.195	35.869.303
Other	-	2.984.645	1.150	185.485
Total	**2.947.625**	**52.864.641**	**5.159.473**	**37.723.020**

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 financing companies, the items specified within the Communiqué, except from liabilities to Central Bank, Treasury, Domestic banks, and head offices and branches in Turkey of the banks established by international agreements, constitute required reserves liabilities.

Banks are required to maintain reserves with Central Bank of the Republic of Turkey for their TL and FC liabilities that are specified in the aforementioned Communique. Required reserves are calculated every two weeks and established for 14 day intervals.

With the amendments made in 2019, the Central Bank has linked the TL and FC required reserve rates and the interest to be paid on the required reserves maintained in TL with the annual growth rates of TL cash loans. Required reserve rates vary according to the maturity structure of the liabilities, and are applied between 1%-7% for TL deposits and other liabilities, 13%-19% for FX deposits and 5%-21% for other FC liabilities.

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	740.936	15.680.921	2.723.598	12.551.557
Unrestricted Time Deposit	-	-	-	6.689
Restricted Time Deposit	-	-	-	763
Other [(1)]	110.597	31.454.252	335.597	23.310.294
Total	851.533	47.135.173	3.059.195	35.869.303

[(1)] Includes required reserves and CBRT restricted electronic money funds amounting to TL 3.373. Required reserve of branches abroad amounting to TL 160.297 is presented in this line. TL 3.497.808 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 11.677.219 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

None. (31 December 2018: None)

3. Positive Differences Related to The Derivative Financial Assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	156.574	25.329	243.173	28.128
Swap Transactions	1.139.190	1.473.623	1.305.367	481.402
Futures Transactions	-	-	-	-
Options	-	21	-	708
Other	-	-	-	-
Total	1.295.764	1.498.973	1.548.540	510.238

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	3.318	196.788	2.415.689	97.528
Foreign Banks	127.754	7.055.025	178.841	6.405.062
Foreign Head Office and Branches	-	-	-	-
Total	131.072	7.251.813	2.594.530	6.502.590

4.2. Information on Foreign Bank Accounts

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	3.296.987	1.421.520	-	-
USA, Canada	2.459.220	1.761.747	-	-
OECD Countries [(1)]	67.046	290.057	-	-
Off-shore Banking Regions	-	-	-	-
Other	1.356.818	3.109.680	2.708	899
Total	7.180.071	6.583.004	2.708	899

[(1)] OECD countries except EU countries, USA and Canada.

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	50.621.551	29.004.119
Assets Blocked/Given as Collateral	30.621.149	45.767.374
Total	81.242.700	74.771.493

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

	Current Period	Prior Period
Debt Securities	114.912.189	85.616.480
Quoted in Stock Exchange	114.349.056	85.247.015
Not Quoted in Stock Exchange	563.133	369.465
Share Certificates	564.533	473.465
Quoted in Stock Exchange	376.658	227.330
Not Quoted in Stock Exchange	187.875	246.135
Provision for Impairment (-)	2.133.452	6.256.898
Total	113.343.270	79.833.047

7. Information Related to Loans

7.1 Information on All Types of Loans and Advances Given to Shareholders and Employees of the Group

	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)]	485.525	-	403.046	-
Total	485.525	-	403.046	-

[(1)] Interest rediscount and interest accrual amounting TL 4.330, are not included (31 December 2018: Interest rediscount and interest accrual amounting TL 4.261 are not included).
[(2)] Since the balance of overdraft accounts related to employees amounting TL 22.633, 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 22.076, is showed under Table 7.4. as overdraft accounts (real person), it is not included to the table above.)

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

Current Period Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled	
			Loans with revised contract terms	Refinancing
Non-Specialized Loans	363.097.301	17.835.400	7.131.728	-
Commercial Loans	220.344.285	8.342.700	6.922.086	-
Export Loans	6.065.257	381.127	-	-
Import Loans	598.091	2.837	-	-
Loans Given to Financial Sector	5.844.116	6.786.703	-	-
Consumer Loans	110.444.752	1.942.072	205.095	-
Credit Cards	11.116.087	287.413	1.681	-
Other	8.684.713	92.548	2.866	-
Specialized Lending [1] [2]	63.022.874	2.283.220	898.711	-
Other Receivables	-	-	-	-
Interest Income Accruals	8.922.676	2.715.192	520.358	-
Total	**435.042.851**	**22.833.812**	**8.550.797**	**-**

[1] Agricultural loans of funds originated are shown in specialized lendings.
[2] Farmer support agricultural loans are shown in specialized lendings.

Prior Period Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled	
			Loans with revised contract terms	Refinancing
Non-Specialized Loans	309.583.530	13.275.350	2.191.593	-
Commercial Loans	198.443.229	5.677.965	2.117.141	-
Export Loans	6.629.524	46.720	-	-
Import Loans	508.257	5.440	-	-
Loans Given to Financial Sector	2.933.264	6.052.521	-	-
Consumer Loans	86.986.557	1.304.871	71.925	-
Credit Cards	5.831.331	134.811	434	-
Other	8.251.368	53.022	2.093	-
Specialized Lending [1] [2]	58.636.554	1.518.720	534.642	-
Other Receivables	-	-	-	-
Interest Income Accruals	8.074.441	1.841.776	116.328	-
Total	**376.294.525**	**16.635.846**	**2.842.563**	**-**

[1] Agricultural loans of funds originated are shown in specialized lendings.
[2] Farmer support agricultural loans are shown in specialized lendings

Convenience translation of publicly announced consolidated financial statements originally issued in Turkish
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

Expected Credit Loss of Stage 1 and Stage 2	Current Period		Prior Period	
	Standard Qualified Loans	Loans Under Close Monitoring	Standard Qualified Loans	Loans Under Close Monitoring
Expected Provision Loss for 12 months	1.484.228	-	996.215	-
Significant Increase in Credit Risk	-	3.475.535	-	2.264.734

7.3. Loans According to Maturity Structure

Current Period	Standard Loans and Other Receivables	Loans and Other Receivables under Close Monitoring [1]	
		Loans and Other Receivables	Restructured or Rescheduled
Short-term Loans	93.189.456	2.057.911	1.286.299
Medium and Long-term Loans and Other Receivables	332.930.719	18.060.709	6.744.140

[1] Accruals are not included.

Prior Period	Standard Loans and Other Receivables	Loans and Other Receivables under Close Monitoring [1]	
		Loans and Other Receivables	Restructured or Rescheduled
Short-term Loans	78.927.486	1.694.221	400.841
Medium and Long-term Loans and Other Receivables	289.292.598	13.099.849	2.325.394

[1] Accruals are not included.

7.4. 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	**1.129.293**	**108.555.639**	**109.684.932**
Real Estate Loans [2]	17.171	66.746.547	66.763.718
Vehicle Loans	9.468	484.696	494.164
Consumer Loans [2]	1.102.654	41.324.396	42.427.050
Other	-	-	-
Consumer Loans- Indexed to FC	**-**	**187.594**	**187.594**
Real Estate Loans	-	22.540	22.540
Vehicle Loans	-	10	10
Consumer Loans	-	79.630	79.630
Other	-	85.414	85.414
Consumer Loans-FC	**7.363**	**665.150**	**672.513**
Real Estate Loans	181	79.052	79.233
Vehicle Loans	-	1.057	1.057
Consumer Loans	1.904	296.775	298.679
Other	5.278	288.266	293.544
Retail Credit Cards-TL	**7.013.410**	**189.176**	**7.202.586**
With Installment	2.484.024	181.398	2.665.422
Without Installment	4.529.386	7.778	4.537.164
Retail Credit Cards-FC	**41.943**	**-**	**41.943**
With Installment	41.181	-	41.181
Without Installment	762	-	762
Personnel Loans-TL	**21.572**	**278.144**	**299.716**
Real Estate Loans	-	228	228
Vehicle Loans	-	92	92
Consumer Loans	21.572	277.143	298.715
Other	-	681	681
Personnel Loans-Indexed to FC	**-**	**11.530**	**11.530**
Real Estate Loans	-	3.650	3.650
Vehicle Loans	-	-	-
Consumer Loans	-	2.461	2.461
Other	-	5.419	5.419
Personnel Loans-FC	**178**	**17.387**	**17.565**
Real Estate Loans	-	4.260	4.260
Vehicle Loans	-	-	-
Consumer Loans	175	5.554	5.729
Other	3	7.573	7.576
Personnel Credit Cards-TL	**148.749**	**6.658**	**155.407**
With Installment	56.923	6.508	63.431
Without Installment	91.826	150	91.976
Personnel Credit Cards-FC	**1.307**	**-**	**1.307**
With Installment	1.256	-	1.256
Without Installment	51	-	51
Overdraft Accounts-TL (Real Person)	**1.718.010**	**-**	**1.718.010**
Overdraft Accounts-FC (Real Person)	**59**	**-**	**59**
Total [1]	**10.081.884**	**109.911.278**	**119.993.162**

[1] TL 929.464 of interest income accrual is not included in the table above.
[2] Consumer loans originated from funds amounting to TL 3.908.975 of are included.

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Prior Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	**785.136**	**84.977.991**	**85.763.127**
Real Estate Loans [2]	13.436	53.180.598	53.194.034
Vehicle Loans	5.719	266.645	272.364
Consumer Loans [2]	765.981	31.530.748	32.296.729
Other	-	-	-
Consumer Loans- Indexed to FC	**1.231**	**554.870**	**556.101**
Real Estate Loans	-	52.703	52.703
Vehicle Loans	-	523	523
Consumer Loans	954	270.718	271.672
Other	277	230.926	231.203
Consumer Loans-FC	**7.083**	**189.717**	**196.800**
Real Estate Loans	214	37.041	37.255
Vehicle Loans	-	-	-
Consumer Loans	2.006	94.040	96.046
Other	4.863	58.636	63.499
Retail Credit Cards-TL	**4.541.131**	**118.449**	**4.659.580**
With Installment	1.300.562	114.937	1.415.499
Without Installment	3.240.569	3.512	3.244.081
Retail Credit Cards-FC	**504**	**-**	**504**
With Installment	-	-	-
Without Installment	504	-	504
Personnel Loans-TL	**11.102**	**234.224**	**245.326**
Real Estate Loans	-	2.265	2.265
Vehicle Loans	-	102	102
Consumer Loans	11.102	231.857	242.959
Other	-	-	-
Personnel Loans-Indexed to FC	**7.316**	**23.916**	**31.232**
Real Estate Loans	7.276	3.557	10.833
Vehicle Loans	-	133	133
Consumer Loans	31	7.977	8.008
Other	9	12.249	12.258
Personnel Loans-FC	**6**	**2.779**	**2.785**
Real Estate Loans	-	1.001	1.001
Vehicle Loans	-	-	-
Consumer Loans	-	863	863
Other	6	915	921
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	**885**	**-**	**885**
With Installment	-	-	-
Without Installment	885	-	885
Overdraft Accounts-TL (Real Person)	**1.550.710**	**-**	**1.550.710**
Overdraft Accounts-FC (Real Person)	**17.254**	**18**	**17.272**
Total [1]	**7.043.035**	**86.104.105**	**93.147.140**

[1] TL 678.267 of interest income accrual is not included.
[2] Consumer loans originated from funds amounting to TL 3.839.218 of are included.

7.5. Information on Commercial Installment Loans and Corporate Credit Cards

Current Period	Short-Term	Medium and Long-Term	Total
Installment Based Commercial Loans-TL	**1.866.168**	**50.654.394**	**52.520.562**
Business Loans	39.864	1.007.014	1.046.878
Vehicle Loans	100.385	1.364.032	1.464.417
Consumer Loans	1.725.919	48.283.348	50.009.267
Other	-	-	-
Installment Based Commercial Loans- Indexed to FC	**428.933**	**889.942**	**1.318.875**
Business Loans	414.390	796.389	1.210.779
Vehicle Loans	-	25.946	25.946
Consumer Loans	-	-	-
Other	14.543	67.607	82.150
Installment Based Commercial Loans - FC	**227.442**	**31.157.845**	**31.385.287**
Business Loans	-	40.163	40.163
Vehicle Loans	-	30.257	30.257
Consumer Loans	27.940	30.705.602	30.733.542
Other	199.502	381.823	581.325
Corporate Credit Cards-TL	**3.959.096**	**32.154**	**3.991.250**
With Installment	1.494.093	28.798	1.522.891
Without Installment	2.465.003	3.356	2.468.359
Corporate Credit Cards-FC	**12.688**	**-**	**12.688**
With Installment	12.121	-	12.121
Without Installment	567	-	567
Overdraft Account-TL (Legal Entity)	**718.320**	**-**	**718.320**
Overdraft Account-FC (Legal Entity)	**-**	**-**	**-**
Total [1]	**7.212.647**	**82.734.335**	**89.946.982**

[1] Accruals and rediscount amounts are not included in the table above.

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Prior Period	Short-Term	Medium and Long-Term	Total
Installment Based Commercial Loans-TL	**1.662.607**	**32.448.158**	**34.110.765**
Business Loans	17.073	460.549	477.622
Vehicle Loans	93.421	944.940	1.038.361
Consumer Loans	1.552.113	30.852.721	32.404.834
Other	-	189.948	189.948
Installment Based Commercial Loans- Indexed to FC	**219.289**	**938.792**	**1.158.081**
Business Loans	788	59.578	60.366
Vehicle Loans	-	46.410	46.410
Consumer Loans	-	-	-
Other	218.501	832.804	1.051.305
Installment Based Commercial Loans - FC	**311.912**	**28.941.566**	**29.253.478**
Business Loans	-	-	-
Vehicle Loans	407	19.046	19.453
Consumer Loans	160.509	28.492.473	28.652.982
Other	150.996	430.047	581.043
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	**1.033**	**2**	**1.035**
With Installment	902	-	902
Without Installment	131	2	133
Overdraft Account-TL (Legal Entity)	**663.279**	**-**	**663.279**
Overdraft Account-FC (Legal Entity)	**18.754**	**-**	**18.754**
Total [1]	**4.043.924**	**62.343.222**	**66.387.146**

[1] Accruals and rediscount amounts are not included in the table above.

7.6. Loans According to Types of Borrowers

	Current Period	Prior Period
Public	5.172.646	5.036.418
Private	449.096.588	380.703.971
Interest Income Accruals of Loans	12.158.226	10.032.545
Total	**466.427.460**	**395.772.934**

7.7. Breakdown of Domestic and Foreign Loans

	Current Period	Prior Period
Domestic Loans	438.050.832	372.670.578
Foreign Loans	16.218.402	13.069.811
Interest Income Accruals of Loans	12.158.226	10.032.545
Total	**466.427.460**	**395.772.934**

7.8. Loans Granted to Subsidiaries and Associates

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	115.055	-
Indirect loans granted to subsidiaries and associates	-	-
Total	**115.055**	**-**

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

7.9. Provisions provided against loans (Stage Three)

	Current Period	Prior Period
Loans and other receivables with limited collectability	1.037.244	726.013
Loans and other receivables with doubtful collectability	1.596.085	760.225
Uncollectible loans and other receivables	6.569.199	4.704.692
Total	**9.202.528**	**6.190.930**

7.10. Information on Non-Performing Receivables (Net)

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period			
Gross amounts before the provisions	234.691	200.185	263.237
Restructured loans	234.691	200.185	263.237
Prior Period			
Gross amounts before the provisions	53.834	77.194	152.866
Restructured loans	53.834	77.194	152.866

7.10.2. Information on the Movement of Non-Performing Receivables

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior Period Ending Balance	**1.889.105**	**1.418.246**	**5.448.646**
Additions (+)	6.362.742	1.727.661	725.586
Transfers from Other Categories of Loans under Follow-Up (+)	-	4.389.325	3.373.021
Transfers to Other Categories of Loans under Follow-Up (-)	4.389.325	3.373.021	-
Collections (-)	477.791	751.459	1.267.043
Deducted from the record (-) [1]	426.295	20.662	97.306
Debt Sale (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period End Balance	**2.958.436**	**3.390.090**	**8.182.904**
Specific Provision (-)	1.037.244	1.596.085	6.569.199
Net Balance on Balance Sheet	**1.921.192**	**1.794.005**	**1.613.705**

[1] Consist of transfer amount to the Stage I and Stage II loans.

7.10.3. Information on Foreign Currency Non-Performing Loans

	Group III	Group IV	Group V
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period:			
Period Ending Balance	**981.661**	**36.786**	**176.860**
Expected Loss Provision (-)	351.548	27.662	118.767
Net Balance on Balance Sheet	**630.113**	**9.124**	**58.093**
Prior Period:			
Period Ending Balance	**583.308**	**63.507**	**358.508**
Expected Loss Provision (-)	267.579	46.440	351.392
Net Balance on Balance Sheet	**315.729**	**17.067**	**7.116**

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

	Group III	Group IV	Group V
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	**1.921.192**	**1.794.005**	**1.613.705**
Loans to Real Persons and Legal Entities (Gross)	2.958.436	3.390.090	8.036.937
Provisions (-)	1.037.244	1.596.085	6.423.232
Loans to Real Persons and Legal Entities (Net)	1.921.192	1.794.005	1.613.705
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	145.967
Provisions (-)	-	-	145.967
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	**1.163.092**	**658.021**	**743.954**
Loans to Real Persons and Legal Entities (Gross)	1.889.105	1.418.246	5.313.440
Provisions (-)	726.013	760.225	4.569.486
Loans to Real Persons and Legal Entities (Net)	1.163.092	658.021	743.954
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	135.206
Provisions (-)	-	-	135.206
Other Loans and Receivables (Net)	-	-	-

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

7.10.5. 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	Group IV	Group V
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	**118.907**	**141.858**	**66.952**
Interest Accruals and Valuation Differences	176.670	304.558	247.365
Provisions (-)	57.763	162.700	180.413
Current Period (Net)	**67.001**	**29.159**	**9.399**
Interest Accruals and Valuation Differences	116.066	65.264	28.958
Provisions (-)	49.065	36.105	19.559

7.10.6. Information on Liquidating Policy of Uncollectible Loans and Other Receivables

Execution proceedings are carried out for the collection of receivables from loan services of the Parent Bank's. During this process, tangible guarantees constituting guarantees of receivables of the Parent Bank and assets of the debtor(s) are realized while receivables of the Bank are also tried to be collected and liquidated by means of administrative procedures. Transactions are performed within the context of legislation agreement, which ensures the collection of receivables through administrative channels. When the debtor offers exceed authorizations transferred to the Branch/Regional Management or includes matters outside the scope of current legislation agreements and the Branch/Regional Management submit favorable opinion to the Head Office regarding this issue, receivables should be restructured on a company/debtor basis in accordance with the decisions made by the related authorities.

7.10.7. Explanations on Write-Off Policy

The Group writes off the receivables from its records with the actualized circumstances of deaths of the debtor and/or the related people, refusals of the heritage by the heritors within the legal time limits, becoming legally and effectively impossible of the collection of the receivable, and the given financial accountability decision on the related personnel of the considered receivable.

7.10.8. Other Explanations and Disclosures

Current Period	Corporate/ Entrepreneurial	Consumer	Agricultural	Total
Neither Past Due nor Impaired Loans [1]	250.028.279	118.388.363	66.626.209	435.042.851
Past Due but not Impaired Loans	25.521.964	2.436.248	3.426.397	31.384.609
Impaired Loans	11.584.050	1.286.195	1.661.185	14.531.430
Total	**287.134.293**	**122.110.806**	**71.713.791**	**480.958.890**
Specific Provisions of Impaired Loans (-)	7.367.376	938.917	896.235	9.202.528
Net Loan Amount	**279.766.917**	**121.171.889**	**70.817.556**	**471.756.362**

[1] TL 3.908.975 consumer, TL 1.893.565 agricultural, and TL 18 corporate and entrepreneurial loans originated from funds whose risk does not belong to the Parent Bank, are shown under Neither Past Due nor Impaired Loans.

Prior Period	Corporate/ Entrepreneurial	Consumer	Agricultural	Total
Neither Past Due nor Impaired Loans [1]	222.366.233	92.252.466	61.675.826	376.294.525
Past Due but not Impaired Loans	15.717.769	1.544.535	2.216.105	19.478.409
Impaired Loans	6.638.847	1.010.065	1.107.085	8.755.997
Total	**244.722.849**	**94.807.066**	**64.999.016**	**404.528.931**
Specific Provisions of Impaired Loans (-)	4.887.148	739.444	564.338	6.190.930
Net Loan Amount	**239.835.701**	**94.067.622**	**64.434.678**	**398.338.001**

[1] TL 3.839.218 consumer, TL 1.950.642 agricultural, and TL 18 corporate and entrepreneurial loans originated from funds whose risk does not belong to the Parent Bank, are shown under Neither Past Due nor Impaired Loans.

8. Information on Financial Assets Measured at Amortised Cost

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

Financial Assets Measured at Amortised Cost subject to repo transactions

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	1.989.088	2.104.824	177.923	1.819.056
Treasury Bills	-	-	-	-
Other Public Sector Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	**1.989.088**	**2.104.824**	**177.923**	**1.819.056**

Financial Assets Measured at Amortised Cost given as collateral or blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	-	-	-	-
Bonds and Similar Investment Securities	2.021.297	10.404.413	3.790.424	3.019.229
Other	-	-	-	-
Total	**2.021.297**	**10.404.413**	**3.790.424**	**3.019.229**

8.2. Information on Government Securities Measured at Amortised Cost

	Current Period	Prior Period
Government Bonds	17.449.581	10.076.568
Treasury Bills	-	-
Other Public Sector Debt Securities	610.381	7.882
Total	**18.059.962**	**10.084.450**

8.3 Information on Investments Measured at Amortised Cost

	Current Period	Prior Period
Debt securities	18.171.734	10.282.653
Listed in a Stock Exchange	17.485.773	10.076.676
Not Listed in a Stock Exchange	685.961	205.977
Provision for Impairment (-)	119	108
Total	**18.171.615**	**10.282.545**

8.4 Movements of Investments Measured at Amortised Cost

	Current Period	Prior Period
Beginning Balance	**10.282.545**	**7.625.763**
Foreign Currency Differences on Monetary Assets	573.347	1.772.252
Purchases During the Year [1]	11.191.088	3.515.803
Disposals through Sales and Redemptions	(3.875.246)	(2.631.165)
Provision for Impairment (-)	119	108
Period End Balance	**18.171.615**	**10.282.545**

[1] Accruals are shown in "Purchases During the Year".

9. Information about Associates Accounts (Net)

9.1. Information about Unconsolidated 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	Platform Ortak Kartlı Sistemler A.Ş. (1)	Istanbul/Turkey	33,33	33,33

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

	Total Assets (2)	Shareholders' Equity (2)	Total Non-Current Assets (2)(3)	Interest Income (2)	Income from Marketable Securities (2)	Current Period Profit/Loss (2)	Prior Period Profit/Loss (2)	Fair Value (1)
1	151.277	91.498	77.573	5.591	-	26.624	15.953	-
2	332.448	174.875	192.972	12.387	-	11.378	41.206	-
3	5.250	5.250	-	-	-	-	-	-

(1) There is no fair value due to the fact that associates are not traded in the stock exchange
(2) Current period information of associates has been provided from unreviewed financial statements as of 31 December 2019. Prior period profit/loss information of associates has been provided from reviewed financial statements as of 31 December 2018.
(3) Total fixed assets include tangible and intangible assets.

9.2. Information about Associates

	Description	Address (City/Country)	The Parent Bank's Share Percentage-if different Voting Percentage (%)	The Parent Bank's Group Share Percentage (%)
1	Arap Türk Bankası A.Ş.	İstanbul/Turkey	22,20	15,43

	Total Assets (2)	Shareholders' Equity (2)	Total Non-Current Assets (2)	Interest Income (2)	Income from Marketable Securities (2)	Current Period Profit/Loss (2)	Prior Period Profit/Loss (2)	Fair Value (1)
1	4.957.994	1.052.917	142.418	257.921	48.807	166.427	100.978	-

(1) There is no fair value of Arap Türk Bankası A.Ş. due to the fact that associates are not traded in the stock exchange
(2) Current period information of Arap Türk Bankası A.Ş. has been provided from unaudited financial statements as of 31 December 2019. Prior period profit/loss information of associates has been provided from audited financial statements as of 31 December 2018.

9.3. Information on Consolidated Associates by Equity Method

	Current Period	Prior Period
Balance at the Beginning of the Period	**133.745**	**121.185**
Movement During the Period	**28.720**	**12.560**
Additions	-	-
Bonus Share Certificates	-	-
Shares of Current Year Profits	25.680	15.581
Transfer	-	-
Sales	-	-
Revaluation Increase	3.040	374
Impairment Provision	-	3.395
Balance at the End of the Period	**162.465**	**133.745**
Capital Commitments	-	-
Period Ending Share of Capital Participation (%)	15,43	15,43

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9.4. Sectorial Information and Related Amounts of Financial Associates

	Current Period	Prior Period
Banks	162.465	133.745
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	-	-

9.5. Associates Quoted to a Stock Exchange

None (31 December 2018: None).

10. Information on Subsidiaries (Net)

10.1. Information on Unconsolidated Subsidiaries

	Description	Address (City/Country)	The Parent Bank's Share Percentage-if different Voting Percentage (%)	The Parent Bank's Group Share Percentage (%)
1	Ziraat Teknoloji A.Ş.	İstanbul/Turkey	100,00	100,00
2	Onko İlaç Sanayi ve Ticaret A.Ş. (1)	İstanbul/Turkey	66,66	71,40

(1) 71,40% of a group shares belonging to Onko İlaç Sanayi ve Ticaret A.Ş. were acquired on 31 December 2019 within the scope of the Parent Bank's Board of Directors decision dated 25 October 2019 and numbered 25/23. The Bank's share ratio increased to 85% with the purchase of 13,60% additional shares in the period of January 2020.

	Total Assets (2)	Shareholders' Equity (2)	Total Non-Current Assets (2)	Interest Income (2)	Income from Marketable Securities (2)	Current Period Profit/Loss (2)	Prior Period Profit/Loss (2)	Fair Value (1)
1	69.107	15.890	3.239	2.004	-	1.824	2.409	-
2	628.582	66.869	370.148	2.291	-	(4.603)	(9.190)	-

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

The transactions related to the participation in the capital of TL 250.000 with the rate of 99,01% of the Central Oto Kiralama A.Ş. with the Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş. which is subsidiary included in the consolidation has been completed as of 29 July 2019.

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

10.2. Information on Consolidated Subsidiaries

In the unconsolidated financial statements of the Parent Bank, 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 Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	100,00	99,60
2	Ziraat Portföy Yönetimi A.Ş.	İstanbul/Turkey	100,00	99,80
3	Ziraat Katılım Bankası A.Ş.(*)	İstanbul/Turkey	100,00	100,00
4	Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	100,00	100,00
5	Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	100,00	100,00
6	Ziraat Bank International A.G.	Frankfurt/Germany	100,00	100,00
7	Ziraat Bank BH d.d.	Sarajevo/Bosnia Herzegovina	100,00	100,00
8	Ziraat Bank (Moscow) JSC	Moscow/Russia	100,00	100,00
9	Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	100,00	99,58
10	Ziraat Bank Azerbaycan ASC	Baku/Azerbaijan	100,00	100,00
11	Ziraat Bank Montenegro AD	Podgorica/Montenegro	100,00	100,00
12	JSC Ziraat Bank Georgia	Tbilisi/Georgia	100,00	100,00
13	Ziraat Bank Uzbekistan JSC	Tashkent/Uzbekistan	100,00	100,00

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

(**) The Parent Bank commenced negotiations with the Turkish Wealth Fund in relation to the transfer to a new company to be established by the Turkish Wealth Fund (the “*Purchaser*”) of the 99.97% shares in Ziraat Sigorta A.Ş. and 99.97% of the shares Ziraat Hayat ve Emeklilik A.Ş. After obtaining the necessary permissions and completing the share of transfers, the general assembly resolutions of the companies in question will be taken and legal procedures and procedures will be completed. In this context, as of the balance sheet date, the mentioned companies are classified as “Assets Held for Sale and Discontinued Operations”.

	Total Assets	Shareholders’ Equity	Total Non-Current Assets	Interest Income	Income from Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value	Shareholder’s equity amount needed
1	305.932	194.396	2.488	50.908	-	91.235	68.147	-	-
2	119.799	101.863	34.498	10.517	-	41.704	20.856	-	-
3	30.803.790	2.991.243	261.364	2.478.431	158.541	386.190	242.045	-	-
4	2.611.514	1.802.699	1.890.020	436	-	118.361	133.190	-	-
5	870.432	869.059	1.413	123.984	-	117.742	-	-	-
6	7.991.971	1.632.893	23.367	321.505	3.211	89.092	108.365	1.496.724	
7	3.597.502	584.151	133.512	107.730	-	3.922	(106.929)	431.466	-
8	827.226	294.211	12.627	60.629	410	29.424	19.684	269.215	-
9	1.198.041	458.858	26.222	86.733	-	37.454	34.663	407.842	-
10	878.447	241.714	68.778	55.791	1.147	5.780	4.257	196.898	-
11	552.358	93.562	6.829	21.816	1.234	1.580	(3.885)	91.508	-
12	268.051	114.496	11.073	10.154	3.595	6.935	4.455	107.737	-
13	481.807	171.415	10.642	43.157	-	41.128	3.023	144.665	-

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

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

(3) Information on Ziraat Katılım Bankası A.Ş. has been provided from limited reviewed financial statements as of 30 September 2019, the prior period profit/loss balances have been provided from limited reviewed financial statements as of 30 September 2018. Information on other subsidiaries shown in the table above has been provided from limited reviewed financial statements as of 31 December 2019, the prior period profit/loss balances have been provided from limited reviewed financial statements as of 31 December 2018.

Information on consolidated subsidiaries (reflects the values of the Parent Bank)

	Current Period	Prior Period
Balance at the Beginning of the Period	**7.394.408**	**5.138.250**
Movements During the Period	**(59.383)**	**2.256.158**
Additions to Scope of Consolidation	-	-
Purchases (1)	106.806	1.521.015
Bonus Shares Obtained	2.065	-
Dividends from current year income	-	-
Sales	-	-
Revaluation Increase (2)	325.990	807.408
Impairment Provision (-)	364.273	72.265
Transfer (-)(3)	129.971	-
Balance at the End of the Period	**7.335.025**	**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) The Parent Bank has classified Ziraat Hayat ve Emeklilik A.Ş. and Ziraat Sigorta A.Ş., as of the balance sheet date, as “Assets Held for Sale and Discontinued Operations”

(4) Non-financial subsidiaries are not included.

10.3. Sectorial Information and Related Amounts of Subsidiaries (Represents Values Belonging To the Parent Bank)

	Current Period	Prior Period
Banks	5.178.895	4.865.172
Insurance Companies	-	129.972
Factoring Companies	-	-
Leasing Companies	-	282.839
Financing Companies	-	-
Other Financial Subsidiaries	2.156.130	2.116.425

10.4. Subsidiaries which are Quoted an a Stock Exchange

None (31 December 2018: None).

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	264.804	14.745	5.368	111.882	57.779

(1) Information on entity under joint control is provided from the unaudited financial statements as of 31 December 2019.

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

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

12. Information on Finance Lease Receivables (Net)

Information on receivables from financial leasing transactions

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	71.065	70.080	1.709.543	1.429.167
1-5 Years	3.623.740	3.100.581	2.778.781	2.136.398
More than 5 Years	860.343	498.090	538.541	413.115
Total	**4.555.148**	**3.668.751**	**5.026.865**	**3.978.680**

13. Information on Derivative Financial Assets for Hedging Purposes

None. (31 December 2018: None)

14. Information on Investment Property

None. (31 December 2018: None)

15. Information on Assets Held For Sale and Tangibles Corresponding 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 Group's immovables acquired amount to TL 4.584.056 consisting of TL 18.767 due to consumer loans, TL 4.753.593 on its commercial loans and TL 150.770 on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL 2.390 (31 December 2018: The Group'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).

Representing 99,97% of capital of Ziraat Sigorta A.Ş. and Ziraat Hayat Emeklilik, one of the subsidiaries of the Parent Bank- by a company to be established by Turkey Wealth Funds. After obtaining the necessary permissions and completing share transfers, the general assembly reductions of the companies in question will be taken and legal procedures will be completed. In this context, as of the balance sheet date, these companies are classified as "Assets Held for Sale and Discontinued Operations."

Explanations	Total Assets	Shareholders' Equity	Total Non-Current Assets	Interest Income	Income from Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss
Ziraat Hayat ve Emeklilik A.Ş.	2.933.864	1.145.659	6.836	478.192	-	758.108	551.014
Ziraat Sigorta A.Ş.	2.008.275	739.079	4.211	255.432	-	395.308	294.718

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

16. Explanations on Tangible Assets

	Immovables	Immovables with Right of Use	Movables	Movables with Right of Use	Operational Leasing Development Costs	Other Tangibles	Total
Prior Period End							
Cost	7.250.703	-	1.290.348	14.928	294.805	-	8.850.784
Accumulated Depreciation (-)	986.217	-	817.441	6.218	232.687	-	2.042.563
Impairment (-)	2.805	-	1.661	-	-	-	4.466
Net Book Value	**6.261.681**	**-**	**471.246**	**8.710**	**62.118**	**-**	**6.803.755**
Current Period End							
Net Book Value at the Beginning of the Period	6.261.681	-	471.246	8.710	62.118	-	6.803.755
Change During the Period (Net)	187.092	692.414	(22.630)	95.858	(13.898)	-	938.836
- Cost	172.736	810.975	150.471	139.575	16.622	-	1.290.379
- Depreciation – net (-)	(14.980)	118.561	174.144	43.717	30.520	-	351.962
- Impairment (-)	624	-	(1.043)	-	-	-	(419)
Net Currency Translation from Foreign Subsidiaries	8.100	27.317	9.029	79	1.182	-	45.707
Cost at Period End	7.431.539	838.292	1.449.848	154.582	312.609	-	10.186.870
Accumulated Depreciation at Period End (-)	971.237	118.561	991.585	49.935	263.207	-	2.394.525
Impairment (-)	3.429	-	618	-	-	-	4.047
Closing Net Book Value	**6.456.873**	**719.731**	**457.645**	**104.647**	**49.402**	**-**	**7.788.298**

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. Explanations on Intangible Assets

	Current Period			Prior Period		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Establishment Costs	24.262	8.331	15.931	5.326	4.800	526
Goodwill	30.723	-	30.723	-	-	-
Intangible Rights	1.327.638	439.144	888.494	1.067.995	336.815	731.180
Total	**1.382.623**	**447.475**	**935.148**	**1.073.321**	**341.615**	**731.706**

Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements:

None.

Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition:

None.

The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition:

None.

The book value of intangible fixed assets that are pledged or restricted for use:

None.

Amount of purchase commitments for intangible fixed assets:

None.

Information on revalued intangible assets according to their types:

None.

Amount of total research and development expenses recorded in income statement within the period if any:

None.

Positive or negative consolidation goodwill on entity basis:

Not applicable for the consolidated financial statements

Information on Goodwill:

None.

20. Information on Deferred Tax Asset

Deferred tax is recognized on 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 in accordance with the Turkish Accounting Standards (TAS 12) "Income Taxes". In the computation of deferred tax, effective tax rates as of the balance sheet date are used in accordance with the current tax legislation.

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. Calculated deferred tax assets and deferred tax liabilities are net off in the financial statements.

Information on calculated deferred tax including deductible temporary differences, financial losses, tax deductibles and tax exemptions is shown below:

	Current Period	Prior Period
Deferred Tax Assets	2.204.701	3.043.972
Deferred Tax Liabilities	(1.052.306)	(1.413.083)
Net Deferred Tax Assets/(Liabilities)	1.152.395	1.630.889
Net Deferred Tax Income/(Expense)	1.291.258	189.772

	Current Period	Prior Period
Reserve for Employment Termination Benefits	214.632	168.754
Short Term Employee Benefits	139.890	106.705
Financial Assets Valuation	245.641	1.336.360
Other	552.232	19.070
Net Deferred Tax Assets/(Liabilities)	**1.152.395**	**1.630.889**

As of 31 December 2019, deferred tax income amounting to TL 1.291.258 was classified on profit or loss table and deferred tax income amounting TL 1.769.752 was classified under shareholders' equity. (As of 31 December 2018, deferred tax income amounting to TL 189.772 was classified on profit or loss table and deferred tax income amounting TL 853.759 was classified under shareholders' equity.)

Convenience translation of publicly announced consolidated financial statements originally issued in Turkish
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

21. Information on Expected Credit Loss for Financial Assets

	Current Period	Prior Period
Cash and Balances at Central Bank	1.784	463
Banks and Receivables from Money Markets	4.884	14.112
Financial Assets Measured at Amortized Cost	2.849	1535
Other	36.563	54.100
Total	**46.080**	**70.210**

22. Information on Other Assets

As of 31 December 2019, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

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	35.946.421	-	4.864.170	72.544.510	24.755.635	2.637.794	8.479.585	209.613	149.437.728
Foreign Currency Deposits	52.063.043	-	18.175.259	66.037.955	11.708.393	9.517.472	33.335.193	6.056	190.843.371
Residents in Turkey	41.780.061	-	16.810.247	54.930.745	7.372.052	4.039.827	10.453.621	4.746	135.391.299
Residents Abroad	10.282.982	-	1.365.012	11.107.210	4.336.341	5.477.645	22.881.572	1.310	55.452.072
Public Sector Deposits	10.526.687	-	5.339.736	6.184.135	730.143	1.839.551	63.037	-	24.683.289
Commercial Inst. Deposits	12.812.698	-	14.340.380	18.228.963	968.606	3.254.094	2.072.099	-	51.676.840
Other Inst. Deposits	2.262.330	-	2.228.721	6.252.734	3.733.631	459.868	384.466	-	15.321.750
Precious Metals	13.371.268	-	150.419	2.424.888	237.388	148.961	151.996	-	16.484.920
Interbank Deposits	3.205.124	-	18.063.433	5.064.292	3.851.471	764.408	531.900	-	31.480.628
CBRT	2.389	-	-	-	-	-	-	-	2.389
Domestic Banks	304.149	-	17.620.986	250.734	120.458	2.130	-	-	18.298.457
Foreign Banks	2.255.836	-	442.447	4.168.269	3.459.312	762.278	531.900	-	11.620.042
Participation Banks	642.750	-	-	645.289	271.701	-	-	-	1.559.740
Other	-	-	-	-	-	-	-	-	-
Total	**130.187.571**	**-**	**63.162.118**	**176.737.477**	**45.985.267**	**18.622.148**	**45.018.276**	**215.669**	**479.928.526**

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

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	26.085.178	-	2.970.274	75.339.363	8.225.640	3.109.733	3.552.919	163.671	119.446.778
Foreign Currency Deposits	35.462.060	-	12.077.492	48.125.965	9.418.307	9.012.470	27.868.733	5.576	141.970.603
Residents in Turkey	28.739.734	-	10.822.850	37.227.261	5.531.411	3.528.918	7.765.042	4.070	93.619.286
Residents Abroad	6.722.326	-	1.254.642	10.898.704	3.886.896	5.483.552	20.103.691	1.506	48.351.317
Public Sector Deposits	7.082.239	-	3.192.485	5.244.373	2.018.212	3.470.269	101.658	-	21.109.236
Commercial Inst. Deposits	9.223.407	-	5.176.246	8.157.297	829.440	3.681.582	242.536	-	27.310.508
Other Inst. Deposits	1.978.024	-	1.806.775	4.543.593	1.179.194	864.518	538.096	-	10.910.200
Precious Metals	6.710.515	-	67.100	1.194.009	101.328	51.184	71.877	-	8.196.013
Interbank Deposits	4.151.647	-	12.150.631	4.143.899	2.900.136	1.258.825	826.772	-	25.431.910
CBRT	1.038	-	-	-	-	-	-	-	1.038
Domestic Banks	288.147	-	9.295.725	97.998	11.406	2.088	2.085	-	9.697.449
Foreign Banks	2.970.112	-	2.854.906	3.774.861	2.888.730	1.256.737	553.647	-	14.298.993
Participation Banks	892.350	-	-	271.040	-	-	271.040	-	1.434.430
Other	-	-	-	-	-	-	-	-	-
Total	**90.693.070**	**-**	**37.441.003**	**146.748.499**	**24.672.257**	**21.448.581**	**33.202.591**	**169.247**	**354.375.248**

	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits [(1)]	101.143.825	77.125.284	47.737.037	41.715.586
Foreign Currency Saving Deposits [(1)]	62.267.214	36.632.643	80.692.915	74.091.093
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance [(2)]	1.381.203	1.106.656	263.633	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 227.092 and TL 16.176 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2018: TL 140.007 and TL 24.266).

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

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

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

The Parent Bank's head office is located in Turkey.

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	39.051	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	21.718	9.247
Deposits Obtained through Illegal Acts Defined in the 282nd 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	128.438	7.475	272.091	27.360
Swap Transactions	408.117	1.108.163	882.868	484.487
Futures Transactions	-	-	-	-
Options	-	8	1.363	-
Other	-	-	-	-
Total	**536.555**	**1.115.646**	**1.156.322**	**511.847**

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	1.294.374	4.437.534	615.820	5.735.551
Foreign Banks, Institutions and Funds	373.530	28.152.999	580.527	27.916.871
Total	**1.667.904**	**32.590.533**	**1.196.347**	**33.652.422**

3.2. Maturity Structure of Funds Borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	1.291.741	1.598.501	615.434	6.314.775
Medium and Long-Term	376.163	30.992.032	580.913	27.337.647
Total	**1.667.904**	**32.590.533**	**1.196.347**	**33.652.422**

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

69,18% of the Group's total liabilities and equity consist of deposits. Deposits have a diversified base and have steady structures. The Group's liabilities are not subject to a significant concentration risk.

4. Information on Funds Supplied from Repurchase Agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Transactions	**28.821.018**	**-**	**56.213.158**	**-**
Financial Institutions and Organizations	28.198.716	-	56.007.340	-
Other Institutions and Organizations	615.654	-	203.162	-
Real Person	6.648	-	2.656	-
From Overseas Operations	**-**	**20.473.527**	**-**	**12.390.480**
Financial Institutions and Organizations	-	20.473.527	-	12.390.480
Other Institutions and Organizations	-	-	-	-
Real Person	-	-	-	-
Total	**28.821.018**	**20.473.527**	**56.213.158**	**12.390.480**

5. Information on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	2.267.540	279.678	1.761.094	106.896
Asset-Backed Securities	2.482.999	-	1.375.097	-
Treasury Bills	1.010.690	9.552.214	1.190.585	12.510.192
Total	**5.761.229**	**9.831.892**	**4.326.776**	**12.617.088**

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	17.198	16.809	-	-
Between 1-4 Years	343.003	325.022	-	-
More than 4 Years	498.191	430.844	-	-
Total	**858.392**	**772.675**	**-**	**-**

8. Information on Derivative Financial Liabilities for Hedging Purposes

There are no derivative financial liabilities for hedging purposes

9. Explanations on Provisions

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

There is no foreign exchange loss provisions on foreign currency indexed loans and finance lease receivables (31 December 2018: TL 228).

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9.2. Liabilities on Reserve for Employee Termination Benefits

9.2.1. Severance Pay and Unused Vacation Rights

The Group accounts for its vacation and retirement pay obligations in accordance with the TAS 19 "Employee Benefits". The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 31 December 2019, unpaid vacation liability amounted to TL 1.052.901 and employment termination amounted to TL 275.049 are presented under the "Employee Benefits Provision" in the financial statements (31 December 2018: unpaid vacation liability amounted to TL 207.658, and employment termination amounted to TL 836.363 are presented under the "Employee Benefits Provision" in the financial statements).

9.2.2. Pension Rights

The technical balance sheet reports which are prepared in accordance with the principles Act numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, by using a technical interest rate of 9,80%, concluded that no technical deficit arises in the mentioned fund as of 31 December 2019 and 31 December 2019.

The liability related to Bank's benefits to be transferred to SSI as of the balance sheet date is expected payment to be made to SSI during the transfer. Actuarial parameters and results used in calculation of this amount reflects the Act's, numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, principles related to pension and health benefits to be transferred to SSI (9,80% real discount rate, etc.).

According to related Actuary Report, the Fund's surplus is TL 5.925.666 as of 31 December 2019 (31 December 2018: TL 4.256.114).

	Current Period	Prior Period
Non-Medical Assets	3.295.264	2.558.724
Actual and Technical Overrun	5.925.666	4.256.114

The principal actuarial assumptions used are as follows:

	Current Period	Prior Period
Discount rate		
- Pension benefits transferable to SSI	9,80%	9,80%
- Post employment medical benefits transferable to SSI	9,80%	9,80%

To represent mortality rates both before and after retirement, CSO 1980 Female/Male mortality table is used.

Plan assets are comprised as follows:

	Current Period	Prior Period
Bank Placements	1.209.299	1.834.427
Property and Equipment	380.707	379.187
Marketable Securities	1.645.168	308.779
Other	60.090	36.331
Total	**3.295.264**	**2.558.724**

9.3. Information on Other Provisions

These financial statements include a general provision which is not in accordance with BRSA Principles amounting to TL 910.000 which has a part of TL 982.000 have been reversed and TL 50.000 of which has been written as expense in the current year and TL 122.000 which has been canceled in the current year, provided by the Group 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 37.000 and other provision of TL 217 exist for cash transfers made by Bank officials. The provision for loss for non-cash loans is TL 1.134.125. (31 December 2018: These financial statements include a free provision which is not in accordance with BRSA Principles amounting to TL 982.000, of which TL 1.475.000 thousand was recognised in prior years, TL 30.000 thousand have been recognised in current year and 523.000 thousands have been reversed in the current period, provided by the Group management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions. Moreover, the provision of TL 30.500 and other provision of TL 217 exist for cash transfers made by Bank officials. The provision for loss for non-cash loans is TL 466.897).

Based on the information provided by the legal department, TL 59.638 provision has been provided in financial statements for the lawsuits against the Bank which are not finalized yet. (31 December 2018: Based on the information provided by the legal department, TL 54.287 provision has been provided in financial statements for the lawsuits against the Bank which are not finalized yet.)

10. Information on Tax Liability

10.1. Information on Current Tax Liability

10.1.1. Information on Tax Provisions

As of 31 December 2019, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 1.034.189 (As of 31 December 2018, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 1.001.148).

10.1.2. Information on Current Taxes Payable

	Current Period	Prior Period
Corporate Tax Payable	1.034.189	1.001.148
Taxation on Income From Securities	358.954	208.090
Property Tax	3.356	2.890
Banking Insurance Transactions Tax (BITT)	262.241	246.205
Foreign Exchange Transactions Tax	7.643	58
Value Added Tax Payable	15.377	16.288
Other	142.774	117.251
Total	**1.824.534**	**1.591.930**

10.1.3. Information on Premiums

	Current Period	Prior Period
Social Security Premiums - Employee	56	260
Social Security Premiums - Employer	76	376
Bank Social Aid Pension Fund Premium - Employee	15.201	11.988
Bank Social Aid Pension Fund Premium - Employer	22.271	16.712
Pension Fund Membership Fees and Provisions - Employee	1	1
Pension Fund Membership Fees and Provisions - Employer	1	-
Unemployment Insurance - Employee	1.180	1.894
Unemployment Insurance - Employer	2.360	3.790
Other	-	-
Total	**41.146**	**35.021**

10.2. Information on Deferred Tax Liabilities, if any

The Group's deferred tax liability, for the current term, amounts to TL 39.172 There is no deferred tax liability. (31 December 2018: TL 8.669)

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

The Group has TL 3.061.224 of fixed asset liabilities for the held and discontinued operations for sale (31 December 2018: None)

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12. Explanations on Subordinated Debts

	Current Period (*)		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	-	10.103.295	-	-
Subordinated loans	-	537.338	-	-
Subordinated debt instruments	-	9.565.957	-	-
Debt instruments to be included in contribution capital calculation	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Total	**-**	**10.103.295**	**-**	**-**

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

13. Information on Shareholders' Equity

13.1. Presentation on Paid-In Capital

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

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

The Parent 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 Parent Bank has no capital commitments.

13.6. Indicators of The Parent 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 Parent Bank's Equity

In the current period, The Parent Bank follows its operations in line with the previous periods. The Parent 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 Parent Bank's performance and contributes to the profitability structure to be sustainable.

13.7. Information on Preferred Shares Representing the Capital

The Parent Bank has no preferred shares.

13.8. Information on Marketable Securities Value Increase Fund

	Current Period		Prior Period	
	TL	FC	TL	FC
From Subsidiaries, Associates and Entities under Common Control	88	(2.046)	(4.133)	28.222
Revaluation Difference	3.613.096	(1.160.750)	(3.423.980)	(2.783.107)
Foreign Exchange Difference	2.008.638	14	93.402	54
Total	**5.621.822**	**(1.162.782)**	**(3.334.711)**	**(2.754.831)**

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
Asset Purchase Commitments	13.705.480	7.262.309
Subsidiaries and Associates Capital Contribution Commitments	7.500	-
Loan Granting Commitments	11.875.717	8.568.744
Payment Commitments for Cheques	3.852.943	2.876.102
Commitments for Credit Card Expenditure Limits	24.245.305	13.363.899
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	36.161	23.620
Tax and Fund Liabilities from Export Commitments	11.509	6.925
Other Irrevocable Commitments	14.103.945	14.238.136
Total	**67.838.560**	**46.339.735**

1.2. Nature and Amount of Possible Losses and Commitments Arising From the Off-Balance Sheet Items Including the Below Mentioned

The Group has provided provision amounting to TL 1.134.125 for possible losses arising from the off-balance sheet items in the current period. (31 December 2018: TL 466.897).

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

	Current Period	Prior Period
Letters of Guarantee	101.167.423	103.715.207
Letters of Credit	20.393.036	18.388.533
Bank Acceptances	8.221.510	8.317.026
Endorsements	969.507	202.092
Factoring Guarantees	-	2.172
Other Guarantees	939.474	1.010.273
Other Warrantees	5.210	12.405
Total	**131.696.160**	**131.647.708**

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

	Current Period	Prior Period
Letters of Certain Guarantees	72.268.479	69.436.954
Letters of Advance Guarantees	15.942.982	21.139.028
Letters of Temporary Guarantees	3.228.559	3.572.721
Letters of Guarantees Given to Customs Offices	1.631.521	1.519.782
Other Letters of Guarantees	8.095.882	8.046.722
Total	**101.167.423**	**103.715.207**

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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	**4.038.263**	**4.173.468**
With Original Maturity of One Year or Less	244.688	1.752.900
With Original Maturity of More than One Year	3.793.575	2.420.568
Other Non-Cash Loans	**127.657.897**	**127.474.240**
Total	**131.696.160**	**131.647.708**

1.3.2. Information on Sectorial Risk Concentrations of Non-Cash Loans

	Current Period			
	TL	(%)	FC	(%)
Agricultural	379.728	0,86	90.671	0,10
Farming and Raising Livestock	261.728	0,59	74.989	0,09
Forestry	110.387	0,25	-	-
Fishing	7.613	0,02	15.682	0,02
Manufacturing	9.795.557	22,18	40.728.500	46,53
Mining and Quarrying	422.531	0,96	399.387	0,46
Production	5.849.608	13,25	36.140.931	41,29
Electric, Gas and Water	3.523.418	7,98	4.188.182	4,78
Construction	13.937.992	31,56	23.655.531	27,02
Services	19.358.132	43,83	21.792.993	24,90
Wholesale and Retail Trade	8.540.121	19,34	7.240.722	8,27
Hotel, Food and Beverage Services	299.869	0,68	1.030.054	1,18
Transportation and Telecommunication	1.920.359	4,35	4.485.570	5,12
Financial Institutions	6.486.112	14,69	7.283.797	8,32
Real Estate and Leasing Services	1.711.352	3,88	1.462.091	1,67
Self-employment Services	-	-	-	-
Education Services	175.811	0,40	160.624	0,18
Health and Social Services	224.508	0,51	130.135	0,15
Other	692.283	1,57	1.264.773	1,44
Total	**44.163.692**	**100,00**	**87.532.468**	**100,00**

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

	Prior Period			
	TL	(%)	FC	(%)
Agricultural	495.417	1,17	153.897	0,17
Farming and Raising Livestock	375.354	0,89	56.539	0,06
Forestry	109.984	0,26	19.879	0,02
Fishing	10.079	0,02	77.479	0,09
Manufacturing	9.879.558	23,32	43.387.535	48,59
Mining and Quarrying	319.854	0,76	539.594	0,60
Production	6.300.370	14,87	39.630.275	44,38
Electric, Gas and Water	3.259.334	7,69	3.217.666	3,60
Construction	13.119.115	30,97	23.737.253	26,58
Services	18.203.823	42,98	20.901.588	23,41
Wholesale and Retail Trade	8.116.952	19,16	7.775.028	8,71
Hotel, Food and Beverage Services	230.019	0,54	729.738	0,82
Transportation and Telecommunication	1.734.910	4,10	5.003.296	5,60
Financial Institutions	6.135.365	14,48	5.791.813	6,49
Real Estate and Leasing Services	1.700.920	4,02	1.346.458	1,51
Self-employment Services	-	-	-	-
Education Services	165.214	0,39	161.174	0,18
Health and Social Services	120.443	0,28	94.081	0,11
Other	660.938	1,56	1.108.584	1,24
Total	**42.358.851**	**100,00**	**89.288.857**	**100,00**

1.3.3. Information on the Non-Cash Loans Classified Under Group I and Group II

Current Period	Group I:		Group II:	
	TL	FC	TL	FC
Non-Cash Loans	**43.187.161**	**85.228.406**	**736.294**	**1.804.495**
Letters of Guarantee	42.916.548	55.068.571	736.294	1.707.468
Bank Acceptances	9.724	8.168.054	-	43.732
Letters of Credit	255.679	20.082.800	-	53.295
Endorsements	-	969.507	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	5.210	939.474	-	-

Prior Period	Group I:		Group II:	
	TL	FC	TL	FC
Non-Cash Loans	**41.695.054**	**87.592.050**	**490.688**	**1.590.010**
Letters of Guarantee	41.388.917	59.993.150	490.688	1.567.282
Bank Acceptances	26.238	8.272.663	-	17.913
Letters of Credit	274.137	18.108.265	-	1.608
Endorsements	-	202.092	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	2.172	-	-
Other Commitments and Contingencies	5.762	1.013.708	-	3.207

2. Explanations on Derivative Transactions

	Current Period	Prior Period
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions: (I)	**208.427.026**	**110.290.000**
Forward Transactions	8.185.376	5.747.547
Swap Transactions	200.211.116	104.496.879
Futures Transactions	-	-
Option Transactions	30.534	45.574
Interest Related Derivative Transactions (II)	**44.356.644**	28.545.660
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	44.356.644	28.545.660
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivative Transactions: (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	**252.783.670**	**138.835.660**
Types of Hedging Derivative Transactions		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Foreign Currency Investment Hedges	-	-
B. Total Hedging Derivative Transactions	**-**	**-**
Total Derivative Transactions (A+B)	**252.783.670**	**138.835.660**

The Group has no derivative instruments for hedging purposes. There are no unrealized transactions (those are estimated in the prior period and recognized based on this assumption however; it is clear that those transactions would not be realized) or expense and income from agreements in the income statement in the current period.

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	96.759	72	(88.026)	670.220	18.819	697.844
- Inflow	70.164.588	25.482.460	6.821.765	1.357.757	735.865	104.562.435
- Outflow	(70.067.829)	(25.482.388)	(6.909.791)	(687.537)	(717.046)	(103.864.591)
Interest rate derivatives	-	-	-	-	-	-
- Inflow	40.000	-	387.353	597.136	21.153.833	22.178.322
- Outflow	(40.000)	-	(387.353)	(597.136)	(21.153.833)	(22.178.322)
Derivatives held for hedging	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total Inflow	**70.204.588**	**25.482.460**	**7.209.118**	**1.954.893**	**21.889.698**	**126.740.757**
Total Outflow	**(70.107.829)**	**(25.482.388)**	**(7.297.144)**	**(1.284.673)**	**(21.870.879)**	**(126.042.913)**

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Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	(281.125)	(976.998)	122.549	672.966	-	(462.608)
- Inflow	35.380.662	14.731.389	3.008.371	1.793.274	-	54.913.696
- Outflow	(35.661.787)	(15.708.387)	(2.885.822)	(1.120.308)	-	(55.376.304)
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	612.937	13.659.893	14.272.830
- Outflow	-	-	-	(612.937)	(13.659.893)	(14.272.830)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total Inflow	**35.380.662**	**14.731.389**	**3.008.371**	**2.406.211**	**13.659.893**	**69.186.526**
Total Outflow	**(35.661.787)**	**(15.708.387)**	**(2.885.822)**	**(1.733.245)**	**(13.659.893)**	**(69.649.134)**

3. Explanations on Contingent Assets and Liabilities

Provision is allocated for transactions with complete and accurate data that may have an effect on the financial structure of the Group and otherwise, provision is provided based on the estimations.

The Group's liability resulting from the cheques given to its customers amounts TL 3.852.943 (31 December 2018: TL 2.876.102).

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

4. Explanations on Services in the Name of Others

The Group acts as an intermediary for purchases and sales of government securities on behalf of individuals and entities, conducts repo transactions, and provides custody services. The Bank does not provide consultancy and management services.

IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED PROFIT OR LOSS STATEMENT

1. Within the Scope of Interest Income

1.1. Information on Interest Income from Loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans [1]	**47.120.167**	**8.954.977**	**35.961.179**	**7.392.436**
Short Term Loans	14.600.368	938.635	10.622.841	737.489
Medium and Long Term Loans	31.372.831	8.007.002	24.925.013	6.648.395
Interest on Non-Performing Loans	1.146.968	9.340	413.325	6.552
Premiums from Resource Utilization Support Fund	-	-	-	-

[1] Includes fees and commissions income on cash loans.

1.2. Information on Interest Received from the Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	91.929	-	64.265	-
Domestic Banks	145.219	14.098	365.912	7.810
Foreign Banks	35.952	68.236	19.515	36.235
Foreign Head Office and Branches	-	-	-	-
Total	**273.100**	**82.334**	**449.692**	**44.045**

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	26.986	5.404	5.041	1.652
Financial Assets at Fair Value Through Other Comprehensive Income	9.087.193	1.750.061	8.686.303	1.326.736
Financial Assets Measured at Amortized Cost	779.495	572.300	739.208	362.557
Total	**9.893.674**	**2.327.765**	**9.430.552**	**1.690.945**

1.4. Information on Interest Income from Subsidiaries and Associates

The Group has no interest income from its subsidiaries and affiliates.

2. Within the Scope of Interest Expense

2.1. Information on Interest Expense on Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks [1]	346.054	1.347.214	236.002	1.246.290
Central Bank of the Republic of Turkey	-	-	6.488	-
Domestic Banks	193.418	263.851	140.054	130.030
Foreign Banks	152.636	1.083.363	89.460	1.116.260
Foreign Head Office and Branches	-	-	-	-
Other Institutions	36.726	17.988	-	19.549
Total	**382.780**	**1.365.202**	**236.002**	**1.265.839**

[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	1.824	2.184

2.3. Information on Interest Given on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Given on Securities Issued	867.553	889.893	686.853	574.783

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2.4. Maturity Structure of the Interest Expense on Deposits

Current Period	Demand Deposit	Time Deposit Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year	Cumulative Deposit	Total
TL								
Bank Deposit	2.197	2.624.159	19.650	4.501	460	472	-	2.651.439
Saving Deposit	2.267	486.087	11.608.371	2.844.517	502.875	1.069.181	15.788	16.529.086
Public Sector Deposit	447	657.399	696.629	134.889	325.190	20.357	-	1.834.911
Commercial Deposit	696	1.116.282	1.806.122	160.757	708.932	57.739	-	3.850.528
Other Deposit	7	181.008	679.938	532.356	188.129	88.721	-	1.670.159
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	**5.614**	**5.064.935**	**14.810.710**	**3.677.020**	**1.725.586**	**1.236.470**	**15.788**	**26.536.123**
FC								
Foreign Currency Deposit	2.298	320.882	1.238.164	140.764	158.016	493.441	6	2.353.571
Bank Deposit	153	150.729	10.597	17.586	4.842	8.776	-	192.683
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	6.098	8.850	1.030	568	704	-	17.250
Total	**2.451**	**477.709**	**1.257.611**	**159.380**	**163.426**	**502.921**	**6**	**2.563.504**
Grand Total	**8.065**	**5.542.644**	**16.068.321**	**3.836.400**	**1.889.012**	**1.739.391**	**15.794**	**29.099.627**

Prior Period	Demand Deposit	Time Deposit Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year	Cumulative Deposit	Total
TL								
Bank Deposit	-	1.626.763	7.434	-	88	311	-	1.634.596
Saving Deposit	16	376.260	9.703.455	738.891	183.588	200.648	5.941	11.208.799
Public Sector Deposit	501	618.761	730.264	170.790	673.676	8.867	-	2.202.859
Commercial Deposit	167	766.721	1.100.516	178.632	227.880	4.994	-	2.278.910
Other Deposit	7	192.301	504.804	112.567	135.508	39.804	-	984.991
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	**691**	**3.580.806**	**12.046.473**	**1.200.880**	**1.220.740**	**254.624**	**5.941**	**18.310.155**
FC								
Foreign Currency Deposit	1.894	254.328	1.050.820	127.552	158.910	426.526	-	2.020.030
Bank Deposit	2.669	169.638	10.233	2.569	5.928	3.682	-	194.719
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	4.262	5.262	478	301	384	-	10.687
Total	**4.563**	**428.228**	**1.066.315**	**130.599**	**165.139**	**430.592**	**-**	**2.225.436**
Grand Total	**5.254**	**4.009.034**	**13.112.788**	**1.331.479**	**1.385.879**	**685.216**	**5.941**	**20.535.591**

3. Explanations on Dividend Income

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	17.522	3.218
Other [1]	8.450	1.590
Total	**25.972**	**4.808**

[1] Shows the Group's dividend income from subsidiaries, associates and entities under common control.

4. Information on Trading Profit/Loss (Net)

	Current Period	Prior Period
Profit	**99.859.715**	**117.400.870**
Profit from the Capital Market Transactions	233.359	20.150
Profit on Derivative Financial Instruments	3.178.427	2.139.338
Foreign Exchange Profits	96.447.929	115.241.382
Loss (-)	**107.614.654**	**121.202.026**
Loss from the Capital Market Transactions	6.392	9.291
Loss on Derivative Financial Instruments	11.748.791	6.207.605
Foreign Exchange Loss	95.859.471	114.985.130

5. Information on Other Operating Income

Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 1.477.633 and income from sales of assets amounting to TL 123.539 (31 December 2018: Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 1.099.238 and income from sales of assets amounting to TL 40.334)

6. Provision for Impairment on Loans and Other Receivables of Banks

	Current Period	Prior Period
Expected Credit Loss Provisions	7.214.540	5.154.583
12 month expected credit loss (stage 1)	801.062	596.737
Significant increase in credit risk (stage 2)	1.387.718	2.142.747
Non-Performing loans (stage 3)	5.025.760	2.415.099
Marketable Securities Impairment Expense	876	1.095
Financial Assets at Fair Value through Profit or Loss	-	101
Financial Assets at Fair Value Through Other Comprehensive Income	876	994
Subsidiaries, Associates and Joint Ventures Provision Expenses for Impairment	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	274.611	70.011
Total	**7.490.027**	**5.225.689**

7. Information on Other Operating Expenses

	Current Period	Prior Period
Reserve for Employee Termination Benefits	188.906	111.169
Bank Social Aid Provision Fund Deficit Provision	-	-
Tangible Fixed Assets Impairment Expense	137	101
Depreciation Expenses of Tangible Fixed Assets	462.194	263.335
Intangible Assets Impairment Expense	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	112.959	97.869
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	-	63
Other Operating Expenses	2.998.934	3.276.722
Leasing Expenses Related to TFRS 16 Exceptions [2]	116.339	342.172
Maintenance Expenses	131.899	114.339
Advertisement Expenses	284.997	218.806
Other Expenses	2.465.699	2.601.405
Loss on Sales of Assets	29.789	1.013
Other [1]	2.809.677	2.233.336
Total	**6.602.596**	**5.983.608**

[1] TL 987.625 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 906.212 consists of taxes, duties and charges expense (31 December 2018: TL 693.822 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 684.282 consists of taxes, duties and charges expense)
[2] Prior period balance is from Operational Leasing Expenses.

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

The compositions of the profit/loss before tax from the continuing operations are following:

	Current Period	Prior Period
Net Interest Income	27.815.733	23.865.457
Net Fees and Commissions Income	3.239.834	2.694.706
Other Operating Income	2.163.955	3.450.126
Dividend Income	25.972	4.808
Trading Profit/Loss (Net)	(7.754.939)	(3.801.156)
Personnel Expenses (-)	3.813.756	3.175.068
Allowances For Expected Credit Losses (-)	7.214.540	5.154.583
Other Provision Expenses (-)	275.487	71.106
Other Operating Expenses (-)	6.602.596	5.983.608
Profit/Loss from Subsidiaries Consolidated with Equity Pick-up	84.273	46.756
Profit/(Loss) From Continuing Operations	**7.668.449**	**11.876.332**

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Information on the pre-tax profit/loss related to the Group's activities held and stopped for sale is as follows:

	Current Period	Prior Period
Income from Sales Held and Discontinued for Sale	4.692.070	-
Expenses from Sale and Discontinued Operations (-)	2.890.574	-
Profit/Loss Due to Sale and Discontinued Operations	**1.801.496**	**-**

9. Information on Tax Provision for Continuing and Discontinuing Operations

As of 31 December 2019, TL 3.068.013 of the Group's total tax provision expense amounting to TL 1.776.755 consists of current tax expense while remaining balances amounting to TL 1.291.258 consists of deferred revenue. (As of 31 December 2018, TL 2.532.212 of The Group's total tax provision expense amounting to TL 2.721.984 consists of current tax expense while remaining balances amounting to TL 189.772 consists of deferred tax expense.)

As of 31 December 2019, TL 335.716 of the Group's held-for-sale and discontinued operations tax reserve expense amounting to TL 340.887 was deferred from current tax expense, while TL 5.171 was held for sale and discontinued operations consists of tax income (As of 31 December 2018, the Group has no held-for-sale and discontinued operations)

10. Explanation on Net Profit/Loss for the Period for Continued and Discontinued Operations

The Group's net operating income after tax amounts to TL 5.891.694 (31 December 2018: TL 9.344.120) and net profit from sales and discontinued operations for sale is TL 1.465.780 (31 December 2018: None)

11. Information on Net Profit/Loss

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

The Parent 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.

11.2. 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

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

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

V. EXPLANATIONS AND NOTES RELATED TO THE CHANGES IN SHAREHOLDERS' EQUITY

1. Explanations on Changes in Shareholders' Equity according to Turkey Accounting Standards and Inflation Adjustment Differences for Equity Items Considering the Ranking of Items in the Table

As per the BRSA's Circular numbered 5 announced on 28 April 2005, it is stated that the indicators of hyperinflationary period are eliminated to a large extent, inflation accounting applied in the Banking system has been ceased as of 1 January 2005 in accordance with the BRSA decree numbered 1623 on 21 April 2005.

2. Explanations on Profit Distribution

It was decided to set aside the general legal reserve of TRY 389.554 from the TRY 7.790.938 net profit for the period, to keep TRY 7.401.528 remaining from the distributions in the Parent Bank; to set aside the legal reserve of TRY 334.267 from the accumulated profit of TRY 6.685.358 remaining after deducting TRY 37.638 which is the negative valuation difference balance that is monitored in the fund account under the equity which is required to be liquidated in accordance with TFRS-9 Standard, and that resulted from the reclassification of a party of securities in 2008, and TRY 11.370 which is the amount of the tax provision for real estate sales revenues monitored in the special fund account, from the total of TRY 5.518.877, which is monitored in the accumulated profits and which was created by the recalculation of the provisions (general and special) in accordance with the regulations of the Turkish Financial Reporting Standard called "TFRS-9 Financial Instruments" that started to be implemented as of 01.01.2018, of TRY 1.143.986, which is the sales revenue of certain share certificates in the Bank's portfolio, and of TRY 71.503 which is the part of the real estate sales revenues that subjects to the profit distribution, and to transfer the remaining amount of TRY 6.351.090 to the extraordinary reserves; to transfer TRY 52.640, which is the part of 50% of the sales revenue from the real estate sold in 2018, to the other reserves so as to be monitored in a special fund account; and to transfer TRY 280.000, which was set aside from the profit for 2017 to be paid to the shareholder in accordance with the General Assembly Meeting for 2017, to the extraordinary reserves.

The Parent Bank plans to distribute the profit it obtained in 2019 in line with its articles of association. However, as of the preparation of financial reports, no decision regarding profit distribution has been taken.

3. Profit Reserves

As of the balance sheet date, profit reserves amount to TL 52.325.076, legal reserves amount to TL 5.089.581, extraordinary reserves amount to TL 46.351.906, other profit reserves amount to TL 703.589. (31 December 2018: As of the balance sheet date, profit reserves amount to TL 39.132.062, legal reserves amount to TL 4.341.799, extraordinary reserves amount to TL 2.180.565, other profit reserves amount to TL 1.561.635)

VI. EXPLANATIONS ON CASH FLOW STATEMENTS

1. Explanations on the "Other" items and "The Effect of the Change in Foreign Currency on Cash and Cash Equivalent" item in the Cash Flow Statement

Operating Profit before Changes in Operating Assets and Liabilities" amounting to TL 10.191.268 is composed mainly from interest received from loans and securities amounting to TL 62.716.085 and interest paid to deposit and money market operations which is amounting to TL 41.250.106 Other earnings consists primarily net fee, commission income and other operation losses.

The effect of change in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the beginning and end of the year, and amounts to TL 2.024.161 as of 31 December 2019.

Cash in TL, cash in foreign currency, Central Bank of the Republic of Turkey, money in transit, bank cheques purchased and cash on money market operations are defined as "cash"; interbank money transactions placements having maturities less than three months, and time deposits in banks are defined as "cash equivalents".

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Period opening and end cash and cash equivalents balance

Period Opening	Current Period	Prior Period
Cash in TL and in Foreign Currency	5.159.473	3.942.062
Central Bank of the Republic of Turkey and Other Banks	22.885.886	9.765.064
Money Market Operations	250.087	132.385
Total Cash and Cash Equivalents	**28.295.446**	**13.839.511**

Period End	Current Period	Prior Period
Cash in TL and in Foreign Currency	7.825.560	5.159.473
Central Bank of the Republic of Turkey and Other Banks	23.603.766	22.885.886
Money Market Operations	621.769	250.087
Total Cash and Cash Equivalents	**32.051.095**	**28.295.446**

VII. EXPLANATIONS AND NOTES TO THE RISK GROUP OF THE PARENT BANK

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

Current Period

Risk Group of the Parent 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	-	45.815	-	-	-	-
Closing Balance	115.055	87.555	-	-	-	-
Interest and Commissions Income	-	-	-	-	-	-

Prior Period

Risk Group of the Parent 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	-	37.252	-	-	-	-
Closing Balance	-	45.815	-	-	-	-
Interest and Commissions Income	-	-	-	-	-	-

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

2. Deposits Held By The Parent Bank's Risk Group

Risk Group of The Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of The Parent Bank		Other Real and Legal Persons in the Risk Group	
Deposits	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Opening Balance	27.657	26.398	-	-	-	-
Closing Balance	109.004	27.657	-	-	-	-
Interest Expense on Deposits	1.824	2.184	-	-	-	-

3. Information on Forward Transactions, Option Agreements and Similar Transactions Between The Parent Bank's Risk Group

None. (31 December 2018: None)

4. Information about Fees Paid to The Group's Key Management

Fees paid to The Group's key management amount to TL 34.761 (31 December 2018: TL 31.434).

VIII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

IX. EXPLANATIONS AND NOTES RELATED TO DOMESTIC, FOREIGN, OFF-SHORE BRANCHES OR AFFILIATES AND FOREIGN REPRESENTATIVES OF THE PARENT BANK

1. Information on the Parent Bank's Domestic and Foreign Branches and Foreign Representatives of the Bank

	Number	Number of Employees			
Domestic Branch [1]	1.734	24.466			
			Country of Incorporation		
Foreign Representative Office [2]	1	-	1- Iran		
				Total Assets	Statutory Share Capital
Foreign Branch [2]	1	4	1- England	7.723.995	407.043
	4	4	2- Bulgaria	686.224	93.510
	2	4	3- Iraq	817.960	294.350
	3	4	4- Greece	686.489	217.955
	1	3	5- Saudi Arabia	333.045	88.305
	4	-	6- Kosovo	451.882	66.047
	8	37	7- T.R. of Northern Cyprus	2.567.468	239.705
	1	3	1- Bahrain	17.861.984	29.435
Off-Shore Banking Region Branches	-	-	-	-	-

[1] Includes the employees of the domestic branches, including the employees of head office and regional management.
[2] Excluding the local employees of the foreign branches.

2. Information on The Parent Bank About Opening, Closing, Changing its Organization Considerably for Domestic and Foreign Branches and Foreign Representatives of the Bank:

In 2019, 1 branch was opened, 17 branches were closed in Turkey. Ferizaj branch in Kosovo was opened abroad.

SECTION SIX

OTHER EXPLANATIONS

I. INFORMATION ON THE PARENT BANK'S RATING THAT HAS BEEN DETERMINED BY INTERNATIONAL RATING AGENCIES

Information on the assessment done by the international rating agencies Moody's Investors Service, Fitch Ratings and JCR Eurasia are as follows:

Moody's Investors Service: June 2019	
Outlook	**Negative**
Long term Foreign Currency Deposit	B3
Short term Foreign Currency Deposit	Not-Prime
Long term Domestic Currency Deposit	B2
Short term Domestic Currency Deposit	Not-Prime
Long term Issuer Rating Foreign Currency	B2
Long term Issuer Rating Domestic Currency	B2
Baseline Credit Assessment	**caa1**
Adjusted Baseline Credit Assessment	**caa1**

Fitch Ratings: November 2019	
Foreign Currency Long Term IDR	B+/Stable
Foreign Currency Short Term IDR	B
Local Currency Long Term IDR	BB-/Stable
Local Currency Short Term IDR	B
National Long Term Rating	AA (tur)/Stable
Support Rating	**4**
Support Rating Floor	**B+**
Viability Rating	**b+**

JCR Eurasia: October 2019	
Long Term International FC	BBB -
Outlook	**Negative**
Long Term International LC	BBB -
Outlook	**Negative**
Long Term National LC	AAA (Trk)
Outlook	**Stable**
Short Term International FC	A - 3
Outlook	**Negative**
Short Term International LC	A - 3
Outlook	**Negative**
Short Term National LC	A-1+ (Trk)
Sponsor Support	**1**
Stand Alone	**A**

II. OTHER EXPLANATIONS ON THE GROUP'S OPERATIONS

None.

SECTION SEVEN

I. EXPLANATIONS ON AUDIT REPORT

As of 31 December 2019, consolidated financial statements and explanatory notes of the Parent 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' Report dated 25 February 2020 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

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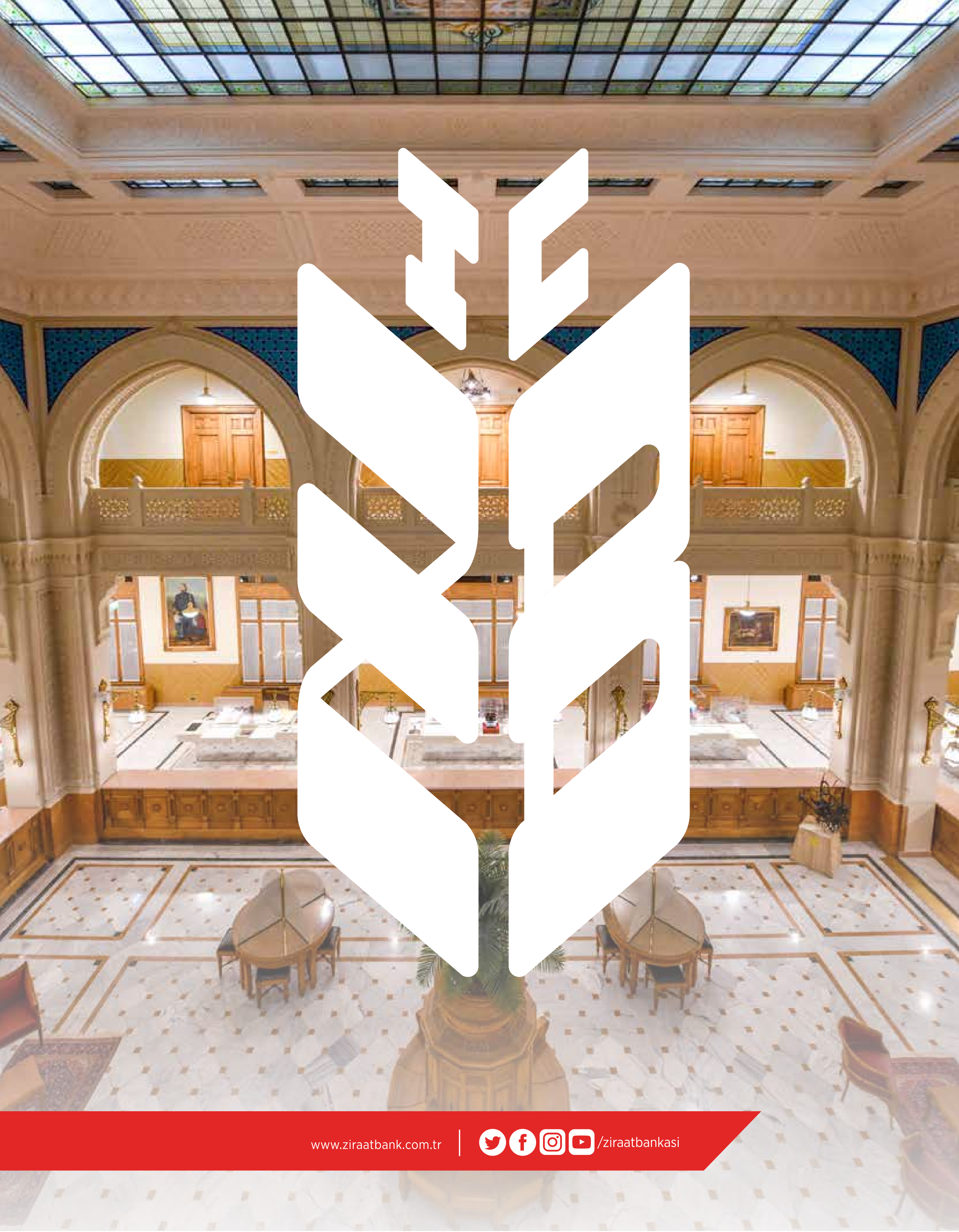

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