

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI  
ANONİM ŞİRKETİ**

**PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL  
STATEMENTS AND RELATED DISCLOSURES  
AT 30 JUNE 2020 WITH AUDITOR'S REVIEW REPORT**

***(CONVENIENCE TRANSLATION OF CONSOLIDATED  
FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND  
FOOTNOTES ORIGINALLY ISSUED IN TURKISH, SEE NOTE. I.B OF  
SECTION THREE)***



## AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

**(Convenience translation of the independent auditor's review report originally issued in Turkish, See Note I.b of Section Three)**

To the General Assembly of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi;

### *Introduction*

We have reviewed the consolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi ("the Bank") and its consolidated subsidiaries (collectively referred to as "the Group") at 30 June 2020 and the related 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 and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the six-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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



#### *Basis for the Qualified Conclusion*

As mentioned in Section Five Part II. 9.3 of Explanations and Notes to the Consolidated Financial Statements; the accompanying consolidated financial statements as at 30 June 2020 include a free provision amounting to TL 2.920.000 thousand which consist of TL 910.000 thousand provided in prior periods and TL 2.010.000 thousand recognized in the current period by the Group management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation

#### *Qualified Conclusion*

Based on our review, except for the effects of the matter on the consolidated financial statements described in the basis for the qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial information do not present fairly in all material respects the consolidated financial position of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi and its consolidated subsidiaries at 30 June 2020 and the results of its consolidated operations and its consolidated cash flows for the six-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

#### *Other matter*

The consolidated financial statements of the Group as at and for the year ended 31 December 2019 and as at and for the six months period ended 30 June 2019 were audited and reviewed by another auditor who expressed an qualified opinion and qualified conclusion based on the reason represented in the section “Basis for the Qualified Conclusion” above thereon on 25 February 2020 and 8 August 2019, respectively

#### *Report on other regulatory requirements arising from legislation*

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



*Additional Paragraph for Convenience Translation:*

The effects of differences between accounting principles and standards explained in detail in Section Three and accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Didem Demer Kaya, SMMM  
Partner

Istanbul, 14 August 2020



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

**THE CONSOLIDATED FINANCIAL REPORT OF  
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 30 JUNE 2020**

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 six month period ended prepared in accordance with the "Communiqué on the Financial Statements and Related Policies and Disclosures to be Publicly Announced" as regulated by the Banking Regulation and Supervision Agency, is consist of the section listed below:

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATIONS ON THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP
- EXPLANATIONS AND DISCLOSURES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS
- AUDITOR'S REVIEW REPORT
- INTERIM ACTIVITY REPORT

Within the framework of this financial report, our consolidated financial statements of subsidiaries, associates and entities under common control are as follows:

**DOMESTIC SUBSIDIARIES**

Ziraat Yatırım Menkul Değerler A.Ş.  
Ziraat Portföy Yönetimi A.Ş.  
Ziraat Katılım Bankası A.Ş.  
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.  
Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.

**FOREIGN SUBSIDIARIES**

Ziraat Bank International AG  
Ziraat Bank BH d.d.  
Ziraat Bank (Moscow) JSC  
Kazakhstan Ziraat International Bank  
Ziraat Bank Azerbaijan ASC  
Ziraat Bank Montenegro AD  
JSC Ziraat Bank Georgia  
Ziraat Bank Uzbekistan JSC

**ASSOCIATES**

Arap Türk Bankası A.Ş

**ENTITIES UNDER COMMON CONTROL**

Turkmen Turkish Joint Stock Commercial Bank

The accompanying consolidated financial statements and notes to these financial statements for the six month period 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

Mahmut KAÇAR  
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

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# CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2020

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

### 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 Bank is TL 13.100.000. This capital is divided into 13.100.000.000 registered share with a nominal value of TL 1 each and is fully paid. The Bank's sole shareholder is the Turkish Wealth Fund.

The decision to increase the capital to TL 13.100.000 was approved at the Bank's Ordinary General Assembly Meeting held on 15 May 2020, and the capital increase and the amendment made in the related article of the Articles of Association were registered on 21 May 2020. It was announced in the Trade Registry Gazette No. 10084 dated 27 May 2020. Accounting for the capital increase was made on 21 May 2020 based on the permission from the BRSA.

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

Name	Administrative Function
<b>Members of the Board of Directors</b>	
Dr. Ahmet GENÇ	Chairman
Hüseyin AYDIN	CEO and Member
Veysi KAYNAK <sup>(1)</sup>	Vice Chairman and Member
Faruk ÇELİK	Member
Feyzi ÇUTUR	Member
Mahmut KAÇAR	Member
Mehmet Nihat ÖMEROĞLU	Member
Serruh KALELİ	Member
Yusuf BİLMEZ	Member
<b>Audit Committee Members</b>	
Feyzi ÇUTUR	Member
Mahmut KAÇAR <sup>(2)</sup>	Member
<b>Executive Vice Presidents</b>	
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) At the Ordinary General Assembly meeting of the Parent Bank held on 12 June 2020, he was appointed in place of Yusuf Dağcan and started his duty as of 16 June 2020.

(2) At the Ordinary General Assembly meeting of the Parent Bank held on 12 June 2020, he was appointed in place of Yusuf Bilmez and started his duty as of 12 June 2020.

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.

# CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2020

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

### GENERAL INFORMATION ABOUT THE PARENT BANK (Continued)

#### 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	13.100.000	100	13.100.000	-

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 Parent 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 30 June 2020, 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 2019: 1.734 domestic branches including 1.643 branches, 19 corporate branches, 67 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, Prishtina, Prizren, Peja and Ferizaj branches in Kosovo, Bahrain branch in Bahrain, Lefkoşa, Girne, Güzelyurt, Gazimağusa, Gönyeli, Taşkinköy, Karaoğlanoğlu and İskele branches in Turkish Republic of Northern Cyprus. The Bank also has 1 representative office in Tehran, Iran.

The Parent Bank and the consolidated subsidiaries in Note III are referred to ‘Group’ as a whole.

As of 30 June 2020, the Group has 27.044 employees (31 December 2019: 27.168).

#### 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, entity under common control of the Bank, is accounted by using equity method in the consolidated financial statements of the Bank.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 JUNE 2020**

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

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

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

As Ziraat Teknoloji A.Ş. and Onko İlaç Sanayi ve Ticaret A.Ş which are non-financial subsidiaries of the Bank, are not consolidated in the consolidated financial statements of the Bank in accordance with Communiqué of the Preparation Consolidated Financial Statements. Moreover, Kredi Kayıt Bürosu, Bankalararası Kart Merkezi, Platform Ortak Karlı Sistemler A.Ş. and Bileşim Alternatif Dağıtım Kanalları A.Ş are non-financial associates of the Bank which are carried at cost are not consolidated in the consolidated financial statements.

All other associates and subsidiaries are fully consolidated.

**VII. CURRENT OR LIKELY, ACTUAL OR LEGAL BARRIERS TO IMMEDIATE TRANSFER  
OF EQUITY OR REPAYMENT OF DEBTS BETWEEN THE PARENT BANK AND ITS  
SUBSIDIARIES**

None.

## **SECTION TWO**

### **CONSOLIDATED FINANCIAL STATEMENTS**

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)  
AS OF 30 JUNE 2020**

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

I- CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) ASSETS	Note (Section Five I)	Current Period 30 June 2020			Prior Period 31 December 2019		
		TL	FC	Total	TL	FC	Total
<b>I- FINANCIAL ASSETS (NET)</b>		<b>109.270.465</b>	<b>96.262.181</b>	<b>205.532.646</b>	<b>83.583.457</b>	<b>98.441.926</b>	<b>182.025.383</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>5.038.273</b>	<b>48.184.363</b>	<b>53.222.636</b>	<b>3.565.469</b>	<b>60.244.783</b>	<b>63.810.252</b>
1.1.1. Cash and Balances with Central Bank	(1)	4.497.581	43.473.365	47.970.946	2.947.625	52.864.641	55.812.266
1.1.2 Banks	(4)	52.762	4.437.016	4.489.778	131.072	7.251.813	7.382.885
1.1.3 Money Markets Receivables		488.864	279.283	768.147	487.812	133.957	621.769
1.1.4 Expected Loss Provision (-)		934	5.301	6.235	1.040	5.628	6.668
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>	(2)	<b>12.115.747</b>	<b>188.977</b>	<b>12.304.724</b>	<b>1.932.117</b>	<b>145.007</b>	<b>2.077.124</b>
1.2.1 Government Debt Securities		11.423.962	8.008	11.431.970	1.898.894	7.310	1.906.204
1.2.2 Equity Instruments		4.782	-	4.782	23	-	23
1.2.3 Other Financial Assets		687.003	180.969	867.972	33.200	137.697	170.897
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	(5),(6)	<b>89.995.228</b>	<b>46.334.328</b>	<b>136.329.556</b>	<b>76.790.107</b>	<b>36.553.163</b>	<b>113.343.270</b>
1.3.1 Government Debt Securities		86.468.371	44.591.197	131.059.568	74.042.653	35.560.304	109.602.957
1.3.2 Equity Instruments		161.600	471.432	633.032	140.393	399.984	540.377
1.3.3 Other Financial Assets		3.365.257	1.271.699	4.636.956	2.607.061	592.875	3.199.936
<b>1.4 Derivative Financial Assets</b>	(3)	<b>2.121.217</b>	<b>1.554.513</b>	<b>3.675.730</b>	<b>1.295.764</b>	<b>1.498.973</b>	<b>2.794.737</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		2.121.217	1.554.513	3.675.730	1.295.764	1.498.973	2.794.737
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>451.651.081</b>	<b>163.422.748</b>	<b>615.073.829</b>	<b>334.985.276</b>	<b>153.648.840</b>	<b>488.634.116</b>
2.1 Loans	(7)	455.820.093	147.207.346	603.027.439	342.521.224	138.437.666	480.958.890
2.2 Lease Receivables	(12)	1.931.067	2.125.409	4.056.476	1.531.983	2.136.768	3.668.751
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortized Cost	(8)	11.666.857	15.320.072	26.986.929	4.480.563	13.691.052	18.171.615
2.4.1 Government Debt Securities		11.580.796	15.318.471	26.899.267	4.395.402	13.664.560	18.059.962
2.4.2 Other Financial Assets		86.061	1.601	87.662	85.161	26.492	111.653
2.5 Expected Credit Loss (-)		17.766.936	1.230.079	18.997.015	13.548.494	616.646	14.165.140
<b>III. NON-CURRENT ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "HELD FROM DISCONTINUED OPERATIONS" (Net)</b>	(15)	<b>6.174.057</b>	<b>192</b>	<b>6.174.249</b>	<b>6.965.298</b>	<b>165</b>	<b>6.965.463</b>
3.1 Held for Sale Purpose		6.174.057	192	6.174.249	6.965.298	165	6.965.463
3.2 Held from Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>1.022.350</b>	<b>178.646</b>	<b>1.200.996</b>	<b>589.172</b>	<b>137.914</b>	<b>727.086</b>
<b>4.1 Associates (Net)</b>	(9)	<b>495.996</b>	<b>6.424</b>	<b>502.420</b>	<b>282.244</b>	<b>2.584</b>	<b>284.828</b>
4.1.1. Associates Valued Based on Equity Method		278.050	-	278.050	271.526	-	271.526
4.1.2 Unconsolidated Associates		217.946	6.424	224.370	10.718	2.584	13.302
<b>4.2 Subsidiaries (Net)</b>	(10)	<b>526.354</b>	<b>-</b>	<b>526.354</b>	<b>306.928</b>	<b>-</b>	<b>306.928</b>
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		526.354	-	526.354	306.928	-	306.928
<b>4.3 Entities under Common Control (Joint Ventures) (Net)</b>	(11)	<b>-</b>	<b>172.222</b>	<b>172.222</b>	<b>-</b>	<b>135.330</b>	<b>135.330</b>
4.3.1. Joint Ventures Valued Based on Equity Method		-	172.222	172.222	-	135.330	135.330
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V. PROPERTY AND EQUIPMENT (Net)</b>	(16)	<b>7.830.113</b>	<b>220.265</b>	<b>8.050.378</b>	<b>7.516.783</b>	<b>271.515</b>	<b>7.788.298</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>		<b>953.825</b>	<b>54.582</b>	<b>1.008.407</b>	<b>884.317</b>	<b>50.831</b>	<b>935.148</b>
6.1 Goodwill		-	-	-	30.723	-	30.723
6.2 Other		953.825	54.582	1.008.407	853.594	50.831	904.425
<b>VII. INVESTMENT PROPERTY (Net)</b>	(14)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>20.702</b>	<b>5.486</b>	<b>26.188</b>	<b>20.386</b>	<b>5.083</b>	<b>25.469</b>
<b>IX. DEFERRED TAX ASSET</b>		<b>1.838.503</b>	<b>380</b>	<b>1.838.883</b>	<b>1,191,444</b>	<b>123</b>	<b>1,191,567</b>
<b>X. OTHER ASSETS (Net)</b>	(20)	<b>9,392,906</b>	<b>2,589,347</b>	<b>11,982,253</b>	<b>3,856,278</b>	<b>1,572,417</b>	<b>5,428,695</b>
<b>TOTAL ASSETS</b>		<b>588,154,002</b>	<b>262,733,827</b>	<b>850,887,829</b>	<b>439,592,411</b>	<b>254,128,814</b>	<b>693,721,225</b>

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)  
AS OF 30 JUNE 2020**

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

II- CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) LIABILITIES	Note (Section Five II)	Current Period 30 June 2020			Prior Period 31 December 2019		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(1)	324.507.637	284.691.752	609.199.389	250.892.192	229.036.334	479.928.526
<b>II. FUNDS BORROWED</b>	(3)	579.828	32.036.081	32.615.909	1.667.904	32.590.533	34.258.437
<b>III. MONEY MARKETS BORROWINGS</b>	(4)	32.562.155	22.593.237	55.155.392	28.821.018	20.473.527	49.294.545
<b>IV. SECURITIES ISSUED (Net)</b>	(5)	7.023.830	11.266.563	18.290.393	5.761.229	9.831.892	15.593.121
4.1 Bills		2.568.931	304.053	2.872.984	2.267.540	279.678	2.547.218
4.2 Asset Backed Securities		3.444.209	-	3.444.209	2.482.999	-	2.482.999
4.3 Bonds		1.010.690	10.962.510	11.973.200	1.010.690	9.552.214	10.562.904
<b>V. FUNDS</b>		6.075.538	-	6.075.538	6.066.464	-	6.066.464
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		6.075.538	-	6.075.538	6.066.464	-	6.066.464
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	(2)	999.464	1.960.559	2.960.023	536.555	1.115.646	1.652.201
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		999.464	1.960.559	2.960.023	536.555	1.115.646	1.652.201
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII. FACTORING LIABILITIES</b>		-	-	-	-	-	-
<b>IX. LEASE LIABILITIES (Net)</b>	(7)	821.558	114.432	935.990	668.204	104.471	772.675
<b>X. PROVISIONS</b>	(9)	6.063.223	131.312	6.194.535	3.571.025	539.769	4.110.794
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		1.503.012	5.400	1.508.412	1.704.127	4.823	1.708.950
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		4.560.211	125.912	4.686.123	1.866.898	534.946	2.401.844
<b>XI. CURRENT TAX LIABILITY</b>	(10)	3.020.829	8.103	3.028.932	1.857.191	8.489	1.865.680
<b>XII. DEFERRED TAX LIABILITY</b>	(10)	-	5.571	5.571	34.153	5.019	39.172
<b>XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "HELD FROM DISCONTINUED OPERATIONS" (Net)</b>	(11)	-	-	-	3.061.224	-	3.061.224
13.1 Held for Sale Purpose		-	-	-	3.061.224	-	3.061.224
13.2 Held from Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>	(12)	-	11.395.865	11.395.865	-	10.103.295	10.103.295
14. Loans		-	635.270	635.270	-	537.338	537.338
14.2 Other Debt Instruments		-	10.760.595	10.760.595	-	9.565.957	9.565.957
<b>XV. OTHER LIABILITIES</b>	(6)	14.714.669	3.269.640	17.984.309	9.438.934	3.308.655	12.747.589
<b>XVI. SHAREHOLDERS' EQUITY</b>	(13)	89.057.182	(2.011.199)	87.045.983	74.397.428	(169.926)	74.227.502
16.1 Paid-in capital		13.100.000	-	13.100.000	6.100.000	-	6.100.000
16.2 Capital Reserves		(768)	-	(768)	(571)	-	(571)
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		(768)	-	(768)	(571)	-	(571)
16.3. Accumulated Other Comprehensive Income or Expense Not Reclassified Through Profit or Loss		4.234.107	341.147	4.575.254	3.885.618	303.466	4.189.084
16.4. Accumulated Other Comprehensive Income or Expense Reclassified Through Profit or Loss		6.346.810	(3.266.497)	3.080.313	3.613.096	(1.160.736)	2.452.360
16.5 Profit Reserves		57.270.886	914.151	58.185.037	51.637.732	687.344	52.325.076
16.5.1 Legal Reserves		5.085.927	32.345	5.118.272	5.049.462	40.119	5.089.581
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		52.063.898	-	52.063.898	46.497.385	34.521	46.531.906
16.5.4 Other Profit Reserves		121.061	881.806	1.002.867	90.885	612.704	703.589
16.6 Profit or (Loss)		8.102.515	-	8.102.515	9.158.560	-	9.158.560
16.6.1 Prior Periods' Profit or (Loss)		2.554.050	-	2.554.050	1.801.735	-	1.801.735
16.6.2 Current Period Profit or (Loss)		5.548.465	-	5.548.465	7.356.825	-	7.356.825
16.7 Minority Interest		3.632	-	3.632	2.993	-	2.993
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>485.425.913</b>	<b>365.461.916</b>	<b>850.887.829</b>	<b>386.773.521</b>	<b>306.947.704</b>	<b>693.721.225</b>

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
CONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS  
AS OF 30 JUNE 2020**

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

III. CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period 30 June 2020			Prior Period 31 December 2019		
		TL	FC	Total	TL	FC	Total
<b>OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>189.738.927</b>	<b>374.890.188</b>	<b>564.629.115</b>	<b>144.394.170</b>	<b>313.003.820</b>	<b>457.397.990</b>
<b>I. GUARANTEES AND WARRANTIES</b>	(1),(3)	<b>45.652.596</b>	<b>101.800.475</b>	<b>147.453.071</b>	<b>44.163.692</b>	<b>87.532.468</b>	<b>131.696.160</b>
1.1 Letters of Guarantee		45.247.871	69.469.668	114.717.539	43.893.079	57.274.344	101.167.423
1.1.1 Guarantees Subject to State Tender Law		1.195.455	15.719.128	16.914.583	1.164.794	13.635.508	14.800.302
1.1.2 Guarantees Given for Foreign Trade Operations		39.308.490	49.224.090	88.532.580	37.831.479	39.002.599	76.834.078
1.1.3 Other Letters of Guarantee		4.743.926	4.526.450	9.270.376	4.896.806	4.636.237	9.533.043
1.2 Bank Acceptances		115.192	10.477.037	10.592.229	9.724	8.211.786	8.221.510
1.2.1 Import Letter of Acceptance		113.508	10.473.868	10.587.376	6.517	8.206.747	8.213.264
1.2.2 Other Bank Acceptances		1.684	3.169	4.853	3.207	5.039	8.246
1.3 Letters of Credit		186.768	18.518.361	18.705.129	255.679	20.137.357	20.393.036
1.3.1 Documentary Letters of Credit		186.768	18.469.454	18.656.222	255.679	20.071.463	20.327.142
1.3.2 Other Letters of Credit		-	48.907	48.907	-	65.894	65.894
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		22.500	1.365.837	1.388.337	-	969.507	969.507
1.5.1 Endorsements to the Central Bank of Turkey		22.500	1.365.837	1.388.337	-	969.507	969.507
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		70.000	1.969.572	2.039.572	-	939.474	939.474
1.9 Other Collaterals		10.265	-	10.265	5.210	-	5.210
<b>II. COMMITMENTS</b>	(1),(3)	<b>62.627.810</b>	<b>17.988.534</b>	<b>80.616.344</b>	<b>53.014.691</b>	<b>19.903.469</b>	<b>72.918.160</b>
2.1 Irrevocable Commitments		62.627.810	11.710.536	74.338.346	53.014.691	14.823.869	67.838.560
2.1.1 Asset Purchase Commitments		5.573.121	7.905.952	13.479.073	2.134.231	11.571.249	13.705.480
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		3.150	-	3.150	7.500	-	7.500
2.1.4 Loan Granting Commitments		14.708.420	76.696	14.785.116	11.842.898	32.819	11.875.717
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques Payments		4.381.003	31	4.381.034	3.852.919	24	3.852.943
2.1.8 Tax and Fund Liabilities from Export Commitments		14.464	-	14.464	11.509	-	11.509
2.1.9 Commitments for Credit Card Limits		24.932.286	32.412	24.964.698	24.220.013	25.292	24.245.305
2.1.10 Commitments for Credit Cards and Banking Services Promotions		53.318	-	53.318	36.161	-	36.161
2.1.11 Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		12.962.048	3.695.445	16.657.493	10.909.460	3.194.485	14.103.945
2.2 Revocable Commitments		-	6.277.998	6.277.998	-	5.079.600	5.079.600
2.2.1 Revocable Loan Granting Commitments		-	247.227	247.227	-	216.573	216.573
2.2.2 Other Revocable Commitments		-	6.030.771	6.030.771	-	4.863.027	4.863.027
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(2)	<b>81.458.521</b>	<b>255.101.179</b>	<b>336.559.700</b>	<b>47.215.787</b>	<b>205.567.883</b>	<b>252.783.670</b>
3.1 Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1 Fair Value Hedges		-	-	-	-	-	-
3.1.2 Cash Flow Hedges		-	-	-	-	-	-
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Trading Derivative Financial Instruments		81.458.521	255.101.179	336.559.700	47.215.787	205.567.883	252.783.670
3.2.1 Forward Foreign Currency Buy/Sell Transactions		3.566.471	4.497.988	8.064.459	3.859.858	4.325.518	8.185.376
3.2.1.1 Forward Foreign Currency Transactions-Buy		1.781.041	2.254.573	4.035.614	1.631.241	2.449.973	4.081.214
3.2.1.2 Forward Foreign Currency Transactions-Sell		1.785.430	2.243.415	4.028.845	2.228.617	1.875.545	4.104.162
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		77.892.050	250.603.191	328.495.241	43.353.905	201.213.855	244.567.760
3.2.2.1 Foreign Currency Swap-Buy		2.937.586	136.095.471	139.033.057	1.417.227	99.048.727	100.465.954
3.2.2.2 Foreign Currency Swap-Sell		73.644.464	65.552.960	139.197.424	41.796.678	57.948.484	99.745.162
3.2.2.3 Interest Rate Swap-Buy		655.000	24.477.380	25.132.380	70.000	22.108.322	22.178.322
3.2.2.4 Interest Rate Swap-Sell		655.000	24.477.380	25.132.380	70.000	22.108.322	22.178.322
3.2.3 Foreign Currency, Interest rate and Securities Options		-	-	-	2.024	28.510	30.534
3.2.3.1 Foreign Currency Options-Buy		-	-	-	1.012	14.255	15.267
3.2.3.2 Foreign Currency Options-Sell		-	-	-	1.012	14.255	15.267
3.2.3.3 Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4 Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1 Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>2.095.294.108</b>	<b>292.715.997</b>	<b>2.388.010.105</b>	<b>1.937.445.479</b>	<b>248.393.650</b>	<b>2.185.839.129</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>835.732.344</b>	<b>59.168.189</b>	<b>894.900.533</b>	<b>806.756.931</b>	<b>45.380.242</b>	<b>852.137.173</b>
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		17.757.486	27.090.732	44.848.218	20.517.299	21.575.724	42.093.023
4.3 Checks Received for Collection		12.558.881	1.526.263	14.085.144	10.908.997	1.492.464	12.401.461
4.4 Commercial Notes Received for Collection		12.996.689	1.173.513	14.170.202	11.345.458	946.062	12.291.520
4.5 Other Assets Received for Collection		8.816	-	8.816	-	-	8.816
4.6 Assets Received for Public Offering		761.999.965	44.241	762.044.206	738.596.223	-	738.596.223
4.7 Other Items Under Custody		30.408.858	27.579.847	57.988.705	25.378.489	20.506.340	45.884.829
4.8 Custodians		1.649	1.753.593	1.755.242	1.649	859.652	861.301
<b>V. PLEDGES RECEIVED</b>		<b>1.258.202.850</b>	<b>229.657.650</b>	<b>1.487.860.500</b>	<b>1.129.440.550</b>	<b>199.704.058</b>	<b>1.329.144.608</b>
5.1 Marketable Securities		7.271.606	1.477.002	8.748.608	3.353.935	1.296.711	4.650.646
5.2 Guarantee Notes		15.771.258	6.439.270	22.210.528	16.780.956	5.436.821	22.217.777
5.3 Commodity		2.648.988	780.036	3.429.024	2.428.499	639.362	3.067.861
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		999.142.616	141.318.079	1.140.460.695	895.452.305	125.862.426	1.021.314.731
5.6 Other Pledged Items		233.363.173	79.618.293	312.981.466	211.419.646	66.447.078	277.866.724
5.7 Pledged Items-Depository		5.209	24.970	30.179	5.209	21.660	26.869
<b>VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>		<b>1.358.914</b>	<b>3.890.158</b>	<b>5.249.072</b>	<b>1.247.998</b>	<b>3.309.350</b>	<b>4.557.348</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>2.285.033.035</b>	<b>667.606.185</b>	<b>2.952.639.220</b>	<b>2.081.839.649</b>	<b>561.397.470</b>	<b>2.643.237.119</b>

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF 30 JUNE 2020**

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

	Note (Section Five IV)	Current Period 1 January - 30 June 2020	Prior Period 1 January - 30 June 2019	Current Period 1 April - 30 June 2020	Prior Period 1 April - 30 June 2019
<b>IV. CONSOLIDATED STATEMENT OF PROFIT OR LOSS INCOME AND EXPENSE ITEMS</b>					
<b>I. INTEREST INCOME</b>	<b>(1)</b>	<b>34.508.308</b>	<b>34.905.629</b>	<b>17.409.824</b>	<b>18.260.583</b>
1.1 Interest on Loans		26.778.661	27.231.639	13.406.015	14.257.145
1.2 Interest on Reserve Requirements		72.092	314.775	34.741	156.961
1.3 Interest on Banks		55.850	394.989	25.419	184.689
1.4 Interest on Money Market Transactions		4.790	8.207	2.479	7.634
1.5 Interest on Marketable Securities Portfolio		7.264.639	6.654.597	3.821.542	3.512.568
1.5.1 Fair Value Through Profit or Loss		94.301	9.740	65.768	6.559
1.5.2 Fair Value through Other Comprehensive Income		6.395.917	5.923.785	3.320.168	3.119.772
1.5.3 Measured at Amortized Cost		774.421	721.072	435.606	386.237
1.6 Financial Lease Interest Income		182.515	182.731	88.259	95.541
1.7 Other Interest Income		149.761	118.691	31.369	46.045
<b>II. INTEREST EXPENSE (-)</b>	<b>(2)</b>	<b>14.542.932</b>	<b>22.557.804</b>	<b>7.015.777</b>	<b>11.472.546</b>
2.1 Interest on Deposits		10.296.584	15.389.354	5.031.334	7.911.154
2.2 Interest on Funds Borrowed		696.674	877.581	317.716	381.110
2.3 Interest Expense on Money Market Transactions		1.725.379	5.234.392	873.535	2.528.438
2.4 Interest on Securities Issued		894.256	849.199	457.243	562.107
2.5 Interest on Leases		64.149	54.884	31.379	30.146
2.6 Other Interest Expenses		865.890	152.394	304.570	59.591
<b>III. NET INTEREST INCOME (I - II)</b>		<b>19.965.376</b>	<b>12.347.825</b>	<b>10.394.047</b>	<b>6.788.037</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>1.251.309</b>	<b>1.624.477</b>	<b>498.239</b>	<b>802.796</b>
4.1 Fees and Commissions Received		2.319.817	2.797.263	1.121.682	1.398.968
4.1.1 Non-cash Loans		505.863	503.297	250.820	260.437
4.1.2 Other		1.813.954	2.293.966	870.862	1.138.531
4.2 Fees and Commissions Paid (-)		1.068.508	1.172.786	623.443	596.172
4.2.1 Non-cash Loans		497	989	204	605
4.2.2 Other		1.068.011	1.171.797	623.239	595.567
<b>V. DIVIDEND INCOME</b>		<b>1.487</b>	<b>10.114</b>	<b>416</b>	<b>42</b>
<b>VI. TRADING PROFIT/(LOSS) (Net)</b>	<b>(3)</b>	<b>(2.743.322)</b>	<b>(4.468.151)</b>	<b>(615.272)</b>	<b>(3.058.082)</b>
6.1 Trading Gains / (Losses) on Securities		2.716.264	31.297	1.773.497	29.622
6.2 Gains / (Losses) on Derivative Financial Transactions		(2.727.074)	(4.660.854)	(1.222.689)	(3.001.420)
6.3 Foreign Exchange Profit/(Losses)		(2.732.512)	161.406	(1.166.080)	(86.284)
<b>VII. OTHER OPERATING INCOME</b>	<b>(4)</b>	<b>1.796.514</b>	<b>2.246.222</b>	<b>943.337</b>	<b>985.564</b>
<b>VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>20.271.364</b>	<b>11.760.487</b>	<b>11.220.767</b>	<b>5.518.357</b>
<b>IX. EXPECTED CREDIT LOSS (-)</b>	<b>(5)</b>	<b>5.715.733</b>	<b>2.326.843</b>	<b>3.630.116</b>	<b>1.106.118</b>
<b>X. OTHER PROVISION EXPENSES (-)</b>	<b>(5)</b>	<b>2.142.787</b>	<b>23.581</b>	<b>1.199.375</b>	<b>21.441</b>
<b>XI. PERSONNEL EXPENSE (-)</b>		<b>2.690.993</b>	<b>1.941.856</b>	<b>1.616.288</b>	<b>1.008.189</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>(6)</b>	<b>4.239.244</b>	<b>3.818.083</b>	<b>2.078.214</b>	<b>1.796.614</b>
<b>XIII. NET OPERATING PROFIT/(LOSS) (VIII-IX-X-XI-XII)</b>		<b>5.482.607</b>	<b>3.650.124</b>	<b>2.696.774</b>	<b>1.585.995</b>
<b>XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		-	-	-	-
<b>XV. PROFIT/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		<b>26.189</b>	<b>19.982</b>	<b>15.772</b>	<b>6.802</b>
<b>XVI. PROFIT/(LOSS) ON NET MONETARY POSITION</b>		-	-	-	-
<b>XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)</b>	<b>(7)</b>	<b>5.508.796</b>	<b>3.670.106</b>	<b>2.712.546</b>	<b>1.592.797</b>
<b>XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(8)</b>	<b>(1.816.228)</b>	<b>(825.363)</b>	<b>(985.811)</b>	<b>(374.247)</b>
18.1 Current Tax Provision		(2.595.846)	(940.960)	(2.043.147)	(318.919)
18.2 Deferred Tax Expense Effect (+)		(1.770.771)	(2.355.744)	(768.715)	(1.050.914)
18.3 Deferred Tax Income Effect (-)		2.550.389	2.471.341	1.826.051	995.586
<b>XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)</b>	<b>(9)</b>	<b>3.692.568</b>	<b>2.844.743</b>	<b>1.726.735</b>	<b>1.218.550</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>		<b>2.473.439</b>	-	<b>1.365.900</b>	-
20.1 Income from Non-Current Assets Held for Sale		1.107.539	-	-	-
20.2 Income from Sales of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)		1.365.900	-	1.365.900	-
20.3 Income from Other Discontinued Operations		-	-	-	-
<b>XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>		<b>535.466</b>	-	-	-
21.1 Expenses on Non-Current Assets Held for Sale		535.466	-	-	-
21.2 Expense from Sales of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)		-	-	-	-
21.3 Expenses for Other Discontinued Operations		-	-	-	-
<b>XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)</b>		<b>1.937.973</b>	-	<b>1.365.900</b>	-
<b>XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>(81.405)</b>	-	-	-
23.1 Current Tax Provision		(78.057)	-	-	-
23.2 Deferred Tax Expense Effect (+)		(3.766)	-	-	-
23.3 Deferred Tax Income Effect (-)		418	-	-	-
<b>XXIV. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		<b>1.856.568</b>	-	<b>1.365.900</b>	-
<b>XXV. NET PROFIT / (LOSS) (XVIII+XXIII)</b>	<b>(10)</b>	<b>5.549.136</b>	<b>2.844.743</b>	<b>3.092.635</b>	<b>1.218.550</b>
25.1 Profit / (Loss) from the Group		5.548.465	2.844.474	3.092.250	1.218.413
25.2 Profit / (Loss) from Minority Interest		671	269	385	137
Earnings/(Loss) per share (in TL full)		0,723	0,466	0,320	0,200

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020**

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

<b>V. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		<b>Current Period 1 January-30 June 2020</b>	<b>Prior Period 1 January-30 June 2019</b>
<b>I.</b>	<b>CURRENT PERIOD PROFIT/LOSS</b>	<b>5.549.136</b>	<b>2.844.743</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>734.284</b>	<b>(119.674)</b>
2.1	Not Reclassified Through Profit or Loss	107.653	53.606
2.1.1	Property and Equipment Revaluation Increase/Decrease	239.251	(55.992)
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Plan Remeasurement Gain/Loss	192.328	-
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(390.274)	127.499
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	66.348	(17.901)
2.2	Reclassified Through Profit or Loss	626.631	(173.280)
2.2.1	Foreign Currency Translation Differences	421.278	444.108
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	262.643	(753.284)
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	(57.290)	135.896
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>6.283.420</b>	<b>2.725.069</b>

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

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

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020**

(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 Cancellation profits	Other capital reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior period net profit/(loss)	Current period net profit/(loss)	Shareholders' Equity Before Minority Interest	Minority Interest	Total Equity
					1	2	3	4	5	6						
<b>I. Prior Period 30 June 2020</b>																
<b>II. Prior Period End Balance</b>	<b>6.100.000</b>	-	-	(571)	3.830.302	(60.427)	419.209	2.748.990	(296.630)	-	52.325.076	9.158.560	-	74.224.509	2.993	74.227.502
<b>III. Adjusted Beginning Balance (I+II)</b>	<b>6.100.000</b>	-	-	(571)	<b>3.830.302</b>	<b>(60.427)</b>	<b>419.209</b>	<b>2.748.990</b>	<b>(296.630)</b>	-	<b>52.325.076</b>	<b>9.158.560</b>	-	<b>74.224.509</b>	<b>2.993</b>	<b>74.227.502</b>
<b>IV. Total comprehensive income</b>	-	-	-	-	215.326	153.862	(261.535)	421.278	205.385	-	-	5.548.465	-	6.282.781	639	6.283.420
<b>V. Capital increase by cash</b>	<b>7.000.000</b>	-	-	-	-	-	-	-	-	-	-	-	-	7.000.000	-	7.000.000
<b>VI. Capital increase by internal sources</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Paid-in capital inflation adjustment difference</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible bonds to Shares</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated debt Instruments</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Increase (decrease) by other changes</b>	-	-	-	(197)	278.466	-	51	-	1.290	-	(702.249)	30.594	-	(392.045)	-	(392.045)
<b>XI. Profit distribution</b>	-	-	-	-	-	-	-	-	-	-	6.562.210	(6.635.104)	-	(72.894)	-	(72.894)
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(72.894)	-	(72.894)	-	(72.894)
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	6.412.027	(6.412.027)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	150.183	(150.183)	-	-	-	-
<b>Balance at the end of the period (III+IV+.....+X+XI)</b>	<b>13.100.000</b>	-	-	(768)	<b>4.324.094</b>	<b>93.435</b>	<b>157.725</b>	<b>3.170.268</b>	<b>(89.955)</b>	-	<b>58.185.037</b>	<b>2.554.050</b>	<b>5.548.465</b>	<b>87.042.351</b>	<b>3.632</b>	<b>87.045.983</b>

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 Not Reclassified Through Profit or Loss Differences on Translation

4. Exchange Differences on Translation

5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets 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 Reclassified Through Profit or Loss

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

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

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020**

(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 Cancellation profits	Other capital reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior period net profit/(loss)	Current period net profit/(loss)	Shareholders' Equity Before Minority Interest	Minority Interest	Total Equity
					1	2	3	4	5	6						
<b>Prior Period 30 June 2019</b>																
<b>I. Prior Period End Balance</b>	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
<b>II. Corrections and Accounting Policy Changes Made According to TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Adjusted Beginning Balance (I+II)</b>	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
<b>IV. Total comprehensive income</b>	-	-	-	-	(50.902)	-	104.507	444.108	(617.225)	-	-	2.844.474	-	2.724.962	107	2.725.069
<b>V. Capital increase by cash</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Capital increase by internal sources</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Paid-in capital inflation adjustment difference</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible bonds to Shares</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated debt Instruments</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Increase (decrease) by other changes</b>	-	-	-	(58)	188.956	191	(16)	-	123	-	143.700	(1.560)	-	331.336	-	331.336
<b>XI. Profit distribution</b>	-	-	-	-	-	-	-	-	-	-	14.646.296	(14.646.296)	-	-	-	-
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	14.574.793	(14.574.793)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	71.503	(71.503)	-	-	-	-
<b>Balance at the end of the period (III+IV+.....+X+XI)</b>	6.100.000	-	-	(541)	4.104.255	(32.345)	348.380	3.087.833	(6.824.135)	-	52.110.376	1.444.518	2.844.474	63.182.815	2.565	63.185.380

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 Not Reclassified Through Profit or Loss Differences on Translation

4. Exchange Differences on Translation

5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets 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 Reclassified Through Profit or Loss

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

**NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS AS OF 30 JUNE 2020**

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

<b>VII. CONSOLIDATED STATEMENT OF CASH FLOWS</b>		<b>Note (Section Five)</b>	<b>Current Period 1 January-30 June 2020</b>	<b>Prior Period 1 January-30 June 2019</b>
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		8.709.756	(3.792.057)
1.1.1	Interest Received		28.506.560	31.889.878
1.1.2	Interest Paid		(14.415.431)	(20.926.065)
1.1.3	Dividend Received		1.487	2.814
1.1.4	Fees and Commissions Received		3.091.782	2.791.371
1.1.5	Other Income		4.512.778	2.144.568
1.1.6	Collections from Previously Written-off Loans and Other Receivables		969.246	1.409.788
1.1.7	Cash Payments to Personnel and Service Suppliers		(3.010.360)	(2.188.522)
1.1.8	Taxes Paid		(1.433.313)	(1.856.186)
1.1.9	Other		(9.512.993)	(17.059.703)
1.2	Changes in Operating Assets and Liabilities		4.989.642	11.394.891
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		(8.194.824)	(654.212)
1.2.2	Net (Increase) / Decrease in due from banks and other financial institutions		5.859.885	(12.568.236)
1.2.3	Net (Increase) / Decrease in loans		(121.781.022)	(37.128.945)
1.2.4	Net (Increase) / Decrease in other assets		(5.820.197)	1.278.181
1.2.5	Net Increase / (Decrease) in bank deposits		(5.029.699)	3.229.676
1.2.6	Net Increase / (Decrease) in other deposits		134.089.573	57.163.037
1.2.7	Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss		-	721.880
1.2.8	Net Increase / (Decrease) in funds borrowed		(1.716.913)	3.038.608
1.2.9	Net Increase / (Decrease) in payables		-	-
1.2.10	Net Increase / (Decrease) in other liabilities		7.582.839	(3.685.098)
<b>I.</b>	<b>Net Cash Provided from Banking Operations</b>		<b>13.699.398</b>	<b>7.602.834</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II.</b>	<b>Net Cash Provided from Investing Activities</b>		<b>(26.017.304)</b>	<b>(17.177.748)</b>
2.1	Cash Paid for Acquisition of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)		(370.847)	-
2.2	Cash Obtained from Disposal of Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)		-	-
2.3	Purchases of Property and Equipment		(1.070.001)	(732.860)
2.4	Disposals of Property and Equipment		397.606	216.232
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(52.061.057)	(22.257.522)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income		32.382.220	10.712.126
2.7	Purchase of Financial Assets at Measured at Amortized Cost		(7.199.392)	(9.999.774)
2.8	Sale of Financial Assets at Measured at Amortized Cost		777.633	1.794.546
2.9	Other		1.126.534	3.089.504
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III.</b>	<b>Net Cash Provided from Financing Activities</b>		<b>6.510.717</b>	<b>9.050.710</b>
3.1	Cash Obtained from Funds Borrowed and Securities Issued		3.664.660	15.728.420
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(4.025.659)	(6.553.170)
3.3	Issued Equity Instruments		7.000.000	-
3.4	Dividends Paid		-	-
3.5	Payments for finance leases		(128.284)	(124.540)
3.6	Other		-	-
<b>IV.</b>	<b>Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>3.188.939</b>	<b>1.188.228</b>
<b>V.</b>	<b>Net Increase in Cash and Cash Equivalents (I+II+III+IV)</b>		<b>(2.618.250)</b>	<b>664.024</b>
<b>VI.</b>	<b>Cash and Cash Equivalents at the Beginning of the Period</b>		<b>32.051.095</b>	<b>28.295.446</b>
<b>VII.</b>	<b>Cash and Cash Equivalents at the End of the Period</b>		<b>29.432.845</b>	<b>28.959.470</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2020**

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

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES**

**I. BASIS OF PRESENTATION**

**a. Financial statements and related explanations and preparation of footnotes in compliance with Turkish Accounting Standards (“TAS”) and “Regulation on Accounting Applications for Banks and Safeguarding of Documents”**

The consolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” (“Regulation”) 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 34 (“TAS 34”) and Turkish Financial Reporting Standards (“TFRS”) and (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 the “Communiqué on Public Disclosures on Risk Management by Banks”, published in the Official Gazette No. 29511, dated 23 October 2015 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”).

The COVID-19 epidemic, which has recently emerged in China, has spread to various countries around the world, causing potentially fatal respiratory infections, affects both regional and global economic conditions negatively, as well as causing malfunctions in operations, especially in countries exposed to the epidemic. As a result of the spread of COVID-19 around the world, various measures have been taken in our country as well as in the world in order to prevent the transmission of the virus and it is still being taken. In addition to these measures, economic measures are also taken to minimize the economic impact of the virus outbreak on individuals and businesses in our country and worldwide.

While preparing the interim financial statements dated June 30, 2020, the Parent Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements. Fair value measurements are revised within the scope of TFRS 13 Fair Value Measurement standard, with the expected credit loss provisions reflected in the financial statements and the assumptions and judgments used in estimating these losses.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

As of 30 June 2020, due to the adverse effects of the COVID-19 epidemic, the Parent Bank reviewed the valuation of financial assets whose fair value difference was reflected to other comprehensive income and whose fair value difference was reflected to profit or loss and as of the reporting date, corrections have been taken into account. The fair values were determined and accounted for as of the valuation date with the valuation reports prepared for the entity under common control monitored with their fair values, the entity under common control and the securities representing a share in the capital. On the other hand, the Parent Bank evaluated the effects of the COVID-19 pandemic with regard to the financial instruments whose fair value hierarchy was determined as Level 3 due to the fact that it involves significant estimates and judgments, and there are no changes that require any correction as of the reporting date. As of 30 June 2020, the Bank does not have any assets or liabilities in the fair value hierarchy that would require any adjustment.

The Parent Bank reflected the estimates and judgments into the calculation of expected credit losses with the maximum effort and the best estimation method. The Parent Bank has revised its macroeconomic expectations and has reflected to the financial statement as of 30 June 2020, by taking into account the change in probability of default and loss given default.

In this context, the Parent Bank has measured its macroeconomic expectations on non-performing loans under different scenarios and reflected the increase coefficient, which is considered to best reflect the current situation in the range of NPL ratio it obtained, into the loan parameters and included it in provision calculations. Among the three scenarios he used, he increased the weight of the bad scenario. In addition, the Parent Bank analyzed its corporate, entrepreneurial and retail loan portfolios and the sector distributions in these portfolios, using expert opinion, it made provisions on model outputs for customer groups that it believed to be affected by the Covid-19 outbreak. This approach, which is preferred in provision calculations in 2020, will be reviewed in the upcoming reporting periods, taking into account the impact of the epidemic, changes in the loan portfolio and future expectations.

Within the scope of the 4th and 5th articles of “Regulation on the Classification of Loans and the Procedures and Principles Regarding the Provisions to be Set Aside”; it is allowed that the 30-day-past-due period envisaged for the classification of loans in the second group would be applied as 90 days until 31 December 2020 for the loans classified under the first group and the 90-day-past-due period envisaged for the classification of loans as non-performing would be applied as 180 days until 31 December 2020 for the loans classified under the first and second groups according to the decisions of BRSA numbered 8948 dated 17 March 2020 and numbered 8970 dated 27 March 2020 due to the disruptions in economic and commercial activities resulting from the COVID-19 pandemic. The Parent Bank’s practices regarding the classification of the loans have been updated in accordance with the BRSA decisions effective from 17 March 2020.

The Parent Bank continues its practices for restructuring the loans in line with the needs of its customers, in line with the Bank's procedures and principles. In particular, individual customers are directed to make restructuring requests through the digital channels without arriving at the branches. Applications received from the digital channels are evaluated quickly and concluded.

**b. Explanation for convenience translation to English:**

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in these unconsolidated financial statements. Accordingly, these unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**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 denominated in Turkish Lira and foreign currencies, performing transactions in local, international money and capital markets, supporting agricultural sector financially and collecting deposits denominated in Turkish Lira and foreign currencies. The Bank’s main funding sources are deposits denominated in Turkish Lira, repurchase agreements, issued securities and shareholders’ equity. The Bank directs these funds to assets with high return and low risk that include predominantly domestic government bonds and loans. The Bank’s liquidity structure is considered 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’ return have floating interest rate. Since the remaining time to repricing 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 activity. Letter of guarantees, bank loans, commercial letter of credits, commitments for cheques payments and commitments for credit card limit 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”.

USD-denominated capital amounts and valuation differences sent to partnerships operating abroad are converted into Turkish currency at the exchange rate valid as of the valuation date and presented in the financial statements. For the exchange rate risk arising from foreign currency translation of partnerships with capital allocation in Euro, deposits in Euro are used as a hedging tool.

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”).

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**III. INFORMATION ON CONSOLIDATED SUBSIDIARIES (Continued)**

**1. Consolidation Principles Applied (Continued)**

**1.1. Consolidation Principles for Subsidiaries**

Subsidiaries are all entities in which the Group has the power to control financial and operational policies for the benefit of the Parent Bank (a) directly and indirectly, with the authority to exercise more than 50% of the voting rights pertaining to shares in the owned companies; or (b) not having the power to exercise more than 50% of the rights of use, otherwise having control over financial and business policies.

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, taking into account the size of their assets and equity within the scope of their activities and the materiality principle. Subsidiaries are included in the scope of consolidation since the control of their activities is transferred to the group and are excluded from the scope of consolidation from the date the control disappears. Where necessary, the accounting policies of the subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

According to the full consolidation method, 100% of the balance sheet, profit or loss statement and off-balance sheet items of the subsidiaries are consolidated with the balance sheet, profit or loss statement and off-balance sheet items of the Parent Bank. The carrying amount of the Group's investments in each subsidiary is netted off with the portion of the capital of each subsidiary that belongs to the Group. Unrealized gains and losses and balances arising from transactions between subsidiaries included in consolidation are eliminated. In order to determine the net income of the Group, minority interest in the net income of the consolidated subsidiaries have been determined and deducted from the net income of the subsidiary. Minority interest in the consolidated balance sheet are presented separately from the liabilities and shares of the Group shareholders. In addition, minority interest are presented separately in the profit or loss statement.interest.

In order to transfer of the shares representing 99,97% of Ziraat Sigorta A.Ş. and the shares representing 99,97% of Ziraat Hayat ve Emeklilik A.Ş. capital which belong to the Parent Bank to TVF Finansal Yatırımlar A.Ş., the share transfer agreement was signed on April 22, 2020 and the said share transfers were completed as of the same date.between as a buyer, TVF Finansal Yatırımlar A.Ş and as a seller, the Bank, Ziraat Katılım Bankası A.Ş., Ziraat Teknoloji A.Ş. and Ziraat Yatırım Menkul Değerler A.Ş.. Related subsidiaries were classified in the scope of consolidation in the previous period, the accounts related with held for sale in the assets and liabilities section of balance sheet, and under Income-Expense from Discontinued Operations line of the profit or loss statement. The related subsidiaries were excluded from the scope of consolidation with the sales transaction, and the figures of the income and expense items realized until the sales transaction date of the subsidiaries are shown in the Income-Expense from Discontinued Operations line of the consolidated profit or loss statement.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**III. INFORMATION ON CONSOLIDATED SUBSIDIARIES (Continued)**

**1. Consolidation Principles Applied (Continued)**

**1.1. Consolidation Principles for Subsidiaries (Continued)**

The subsidiaries included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

<b>Title</b>	<b>Address (City/Country)</b>	<b>Main Activities</b>	<b>Share Percentage (%)</b>	<b>Parent Bank's Risk Group Share Percentage (%)</b>
Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	Brokerage Houses	100,00	99,60
Ziraat Portföy Yönetimi A.Ş.	İstanbul/Turkey	Portfolio Management	100,00	99,80
Ziraat Katılım Bankası A.Ş.	İstanbul/Turkey	Banking	100,00	100,00
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	Real Estate	100,00	100,00
Ziraat Girişim Sermayesi Ortaklığı A.Ş.	İstanbul/Turkey	Venture Capital	100,00	100,00
Ziraat Bank International AG	Frankfurt/Germany	Banking	100,00	100,00
Ziraat Bank BH d.d.	Sarajevo/Bosnia and Herzegovina	Banking	100,00	100,00
Ziraat Bank (Moscow) JSC	Moscow/Russia	Banking	100,00	100,00
Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	Banking	100,00	99,58
Ziraat Bank Azerbaycan ASC	Baku/Azerbaijan	Banking	100,00	100,00
Ziraat Bank Montenegro AD	Podgorica/Montenegro	Banking	100,00	100,00
JSC Ziraat Bank Georgia	Tbilisi/Georgia	Banking	100,00	100,00
Ziraat Bank Uzbekistan JSC	Tashkent/ Uzbekistan	Banking	100,00	100,00

**1.2. Consolidation Principles of Associates and Entities under common control**

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 entities under common control consolidated with the equity method, their title, place of incorporation, main activities, effective shareholding rates and direct and indirect shareholding rates are as follows:

<b>Title</b>	<b>Address (City/Country)</b>	<b>Main Activities</b>	<b>Parent Bank's Share Percentage (%)</b>	<b>Parent Bank's Risk Group Share Percentage (%)</b>
Turkmen Turkish Joint Stock Commercial Bank	Ashkhabad/Turkmenistan	Banking	50,00	50,00
Arap Türk Bankası A.Ş.	İstanbul/Turkey	Banking	15,43	15,43

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**III. INFORMATION ON CONSOLIDATED SUBSIDIARIES (Continued)**

**1. Consolidation Principles Applied (Continued)**

**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**

Subsidiaries, which are not included in the scope of consolidation, are accounted for their fair values, while associates are accounted for at their cost values after netting impairment if any, and are reflected in the consolidated financial statements.

**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 “IFRS 9 Financial Instruments Standard”(“IFRS 9”) , “Derivative Financial Assets Measured at Fair Value through Profit or loss”.

Derivative financial instruments are initially recognized at fair value. Derivative transactions, depending on the fair value being positive or negative is shown as derivative financial assets at fair value through profit or loss or derivative financial liabilities measured at fair value through profit or loss in the following periods of the recording. Fair value differences are recognized in statement of profit or loss in gains / (losses) on derivative financial transactions under trading profit/loss.

The fair value of derivative instruments is calculated by taking into account the market values or by applying the cash flow model discounted with market rates.

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE**

Interest income and expenses of the group 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. The Bank has started to calculate rediscount as of 1 January 2018 for its non-performing loans. Rediscount is calculated over the net book value (Gross Book Value - Expected Credit Losses Reserve) of the non-performing loans.

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. Group calculates expense accrual according to the unit value calculation method over the participation accounts.

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

Income and expense 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 “Financial assets measured at fair value through profit/loss”, “Financial assets measured at fair value through other comprehensive income” or “Financial assets 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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**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;

"Business Model Assessment" and "Contractual Cash Properties Test" are performed to determine the classification of financial assets.

**Financial Assets at Fair Value Through Profit or Loss**

Fair value through profit or loss are financial assets that are managed by business model other than the business model that aims to "hold to collect" and "hold & sell" the contractual cash flows; acquired for the purpose of generating profit from short-term fluctuations in price, or regardless of this purpose, the financial assets that are a part of a portfolio with evidence of short-time profit-taking; and the financial assets, whose terms do not give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial assets at the fair value through profit or loss are initially recognized at fair value. All gains and losses arising from these valuations are reflected in the profit or loss statement. Earned interests are included in interest income and dividends received are included in dividend income.

Government Bonds and Treasury Bills which are included in 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 where the business models aim to hold financial assets in order to collect the contractual cash flows and selling assets and the terms of financial asset give rise to cash flows that are solely payments of principal of interest at certain dates.

Fair value through other comprehensive income are subsequently measured at their fair value. The interest income of fair value through other comprehensive income that are calculated by effective interest rate method and dividend income from equity instruments are reflected in the statement of profit or loss. The difference between the fair value of the financial assets at fair value through other comprehensive income and the amortized cost of the financial assets, i.e. "Unrealized gains and losses", is not recognized in the statement of profit or loss until the realization of the financial asset, the sale of the asset, the disposal of the asset or being impaired of the asset are accounted under "Other Accumulated Comprehensive Income or Expenses that will be reclassified at Profit or Loss" under shareholders' equity. Accumulated fair value differences under equity are reflected to the statement of profit or loss when such securities are collected or disposed.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**Equity investments**

Equities, which are classified as 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 is 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 fair value through other comprehensive income and are carried at book value. For the other equity investments not related to banking activities are classified under financial assets measured at fair value through other comprehensive income; exceptionally, its costs are considered as fair value. In limited circumstances, cost may be an appropriate estimate of fair value. That may be the case if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

**Financial Assets at Measured at Amortized Cost**

A financial asset is classified as a financial assets measured at amortized cost when the Bank’s policy within a business model is to hold the asset to collect contractual cash flows and the terms give rise to cash flows that are solely payments of principal of interest at certain dates.

Measured at amortized cost are recognized at which represents its fair value at initial recognition by adding the transaction costs and subsequently measured at amortised cost by using the effective interest rate method. Interest income related to the financial asset measured at amortized cost is recognized in the statement of profit or loss.

Financial assets measured at fair value through other comprehensive income” and “financial assets measured at amortized cost” portfolios of the Bank include Consumer Price Index (CPI) indexed 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. The actual coupon payment amounts of these securities, purchase and sale transactions and year-end valuations are calculated by using the index announced by the treasury. Index calculations related to CPI indexed bonds are made by the method specified in Ministry of Treasury and Finance’s CPI Indexed Bonds Investor Guide.

The Parent Bank also updates the estimated inflation rate used throughout the year 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.

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

**Explanations on Expected Loss Provisions**

The Group sets aside the expected loss provision for its loans and receivables by taking into consideration the “Regulation on the Classification of Loans and the Procedures and Principles Regarding the Provisions to be Set Aside” published in the Official Gazette dated 22 June 2016 and numbered 29750. In this context, the Parent Bank takes into consideration the general structure of the loan portfolio, the financial structure of the customers, the non-financial data and the economic conjuncture in line with the credit risk policies and prudence principle when determining its estimates.

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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**Impairment (Continued)**

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

Financial assets are transferred to stage 2 if there is a significant increase in credit risk. While 1-year expected credit loss is calculated for the at stage 1, expected credit loss is calculated for loans at stage 2.

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, having day-past-due more than and equal to 30 days, 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.

Group considers a debt as default on these two conditions;

- Objective Default Definition: It means debt having past due more than 90 days. This assumption can be proved otherwise in the light of supportable information. As explained in first numbered part one of Section third, the BRSA's decisions on 17 March 2020, numbered 8948 and 27 March 2020, numbered 8970 are mainly valid as of 17 March 2020 due to the disruptions in economic and commercial activities as a result of the COVID-19 outbreak. Accordingly, the definition of default is applied as 180 days until 31 December 2020.
- Subjective Default Definition: It means it is considered as unlikeliness to pay. 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. This section provides an overview of the risk parameter estimation methods for the expected loss calculation approach on a common basis for each stage.

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

- All contractual terms of the financial instrument during the expected life,
- 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 (PD)**

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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

*Credit-Impaired Losses (Stage 3) (Continued)*

**Exposure at Default (EAD)**

The EAD represents an estimate of the exposure to credit risk at the time of a potential default occurring during the life of a financial instrument.

**Loss Given Default (LGD)**

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.

**Write-off Policy**

The amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans entered into force with its publication in the Official Gazette No.30961 on November 27, 2019. Pursuant to the regulation, banks are enabled to write down and move off the balance sheet the portion of a loan which is classified as “Group V Loan” (Loans Classified as Loss) if it cannot reasonably be expected to be recovered. Since the reporting period, it can be written-off from the records under TFRS 9. The write-off is an accounting policy and does not result in the waiver of the right to receivable. Within the scope of this amendment, no loan has been written-off by the Group as of the reporting date.

**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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

Securities sold under agreements for repurchase agreements (“Repos”) are classified as “Fair Value Through Profit or Loss”, “Fair Value Through Other Comprehensive Income” and “Financial Asset Measured at Amortized Cost” in the portfolio of the bank, according to the purposes of holding and are subject to valuation according to the portfolio which are belong. Funds obtained in return for repo agreements are accounted in "Money Markets Receivables" account and interest expense accruals for the period are calculated with the effective interest rate method.

Securities purchased with Resale commitment (“Reverse Repo”) are accounted in “Money Markets Receivables” on the balance sheet and interest income accruals for the period are calculated with the effective interest rate method.

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

The assets acquired by the Group due to its receivables are accounted for in accordance with “TFRS 5 Turkish Financial Reporting Standard for Non-current Assets Held for Sale and Discontinued Operations” in financial statement of the Group.

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, and 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. In order to have a high probability of sales, a plan for the sale of the asset (or group of assets to be disposed of) must have been prepared by an appropriate management team and an active program has been initiated to identify buyers and complete the plan.

The properties acquired by the Group due to receivables are shown in the line of held for sale purpose in the financial statements depending on the termination of the term sales contract.

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 Group does not have any discontinued operations.

**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 no goodwill in its financial statements. (31 December 2019: 30.723)

Other intangible assets are based on their initial acquisition amounts and other direct costs required to make the asset available. Other intangible assets were evaluated over their remaining amounts after deducting the accumulated depreciation and, if any, the accumulated depreciation from the cost value in the period following their recording.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)**

Other intangible assets are amortized using the straight line method based on their useful lives. Useful lives of other intangible assets are determined with assessments such as the expected life of the asset, technical, technological or other types of aging and the maintenance costs required to obtain the economic benefit expected from the asset. There is no change in the depreciation method applied in the current period. Expenditures for other intangible assets are amortized with equal amounts within the lease period, and if the lease period is not certain or is more than five years, the redemption period is accepted as five years (depreciation rate 20%).

The Group recognizes its software costs incurred under the intangible assets-intangible rights account and the expenses that 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 PROPERTY AND EQUIPMENT**

Property and equipment 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 property and equipment before valuation was TL 816.950. As of 31 December 2016, the valuation studies have been done and valuation results are reflected to accounting records. As of 30 June 2020, the fair value difference of the net real estates amounting to TRY 4.063.052 (31 December 2019: TL 3.641.345) is followed under shareholders’ equity.

Property and equipment (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. Property and equipment 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 property and equipment are below:

	<b>Estimated Useful Lives (Year)</b>	<b>Amortization Rate</b>
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 arising from the disposal of property and equipment are reflected in the profit or loss accounts as the difference between the net disposal revenue of the tangible asset and the net book value.

Ordinary maintenance and repair expenses incurred for tangible assets items are recognized as expenses. Investment expenditures that increase the future benefit by enhancing the capacity of property and equipment 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 assets or commitments given for the purchase or any restrictions designated for the use of those tangible assets.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**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 Group’s incremental borrowing rate. 2-year government bond indicator interest rates are used for Turkish Lira rentals, and Eurobond indicator interest rates are used for foreign currency leasing transactions for ongoing contracts.

After the lease actually started, the Group; Increases the carrying amount to reflect the interest in the lease obligation, reduce the carrying value to reflect the lease payments made, and re-measure the carrying value to reflect reassessments and changes to the lease, or to reflect fixed lease payments in revised core.

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 amount of the lease liability, in financial statements as adjustments in right to use assets.

The Group uses a revised discount rate that reflects changes in the interest rate if there is a change in the initial lease period or the use of the purchase option.

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.

The Group does not apply the standard provisions for leases shorter than 1 year in line with the exception provisions of the relevant standard. The Bank reflects the lease payments associated with these leases linearly throughout the lease period and reflects them in the financial statements.

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.

Tangible 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 assets account and are depreciated on annual and monthly basis with respect to their useful lives. Principal and installment paid for tangible 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”.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**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 30 June 2020, retirement benefit obligation is TL 1.008.038 (31 December 2019: TL 1.052.901).

	<b>Current Period</b>	<b>Prior Period</b>
Discount Rate	12,21%	12,15%
Inflation	7,50%	8,68%

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 gains amounting to TL 93.435 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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

Some of the 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 20<sup>th</sup> provisional article of Social Security Law Act numbered 506. In accordance with 23rd provisional clause of the Banking Law numbered 5411, the pension fund established within Social Security Law is expected to be transferred to the Social Security Institution by three years following the declaration of the banking Law numbered 5411. Procedures and principles of the transfer are determined by the decision of Council of Ministers numbered 2006/11345 dated 30 November 2006. However, the 1st paragraph of the 1st article of the 23rd provisional clause of Banking Law numbered 5411 allowing pension funds to be transferred to Social Security Institution (“SSI”) is annulled following the resolution of Constitutional Court declared in the Official Gazette dated 31 March 2007 numbered 26479 E.2005/139, K.2007/13 and K.2007/33.

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

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

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

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

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

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

Lastly, 51st article of Law No.6645 dated 23 April 2015, published on Official Gazette and the first paragraph of the transient 20th article of Law No.5510 related to the transfer of Bank and Insurance Funds to Social Security Institution; “Council of Ministers is the authority to determine the date of transfer of banks, insurance and reinsurance companies, boards of trade, chambers of industry and stock markets or the participants of funds established for their constitute union personnel and the ones that were endowed salary or income and their beneficiaries within the scope of transient 20th article of Law No.506. As from the transfer date, the participants are considered as insured within the scope of clause (a), first paragraph and 4th article of this Law. Based on the decision of the Council of Ministers dated 24 February 2014; May 2015 was determined as the transfer period. As a result of the last amendment made in the first paragraph of the provisional article 20 of the Law No. 5510 and the Occupational Health and Safety Law No. 6645 published in the Official Gazette dated 23 April 2015 and numbered 29335; The Council of Ministers has been authorized to determine the transfer date and the President has been authorized to determine the transfer date in the repeated Official Gazette numbered 30473 on 9 July 2018.

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).

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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.

Tax rates used in tax calculation considering the related countries’ tax legislation as of 30 June 2020 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” and “Law No. 7061 of November 28, 2017 mentioned in the “Current Tax” section”, the Group 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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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.

Calculated deferred tax assets and deferred tax liabilities are netted off in the unconsolidated financial statements.

Deferred tax asset and deferred tax liability are presented as net in consolidated 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 loan 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 loan. 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 insureds.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**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 to shares and has no instruments representing its own borrowings.

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

The decision to increase the capital to TL 13.100.000 was approved at the Bank's Ordinary General Assembly Meeting held on 15 May 2020, and the capital increase and the amendment made in the related article of the Articles of Association were registered on 21 May 2020. It was announced in the Trade Registry Gazette No. 10084 dated 27 May 2020. Accounting for the capital increase was made on 21 May 2020 based on the permission from the BRSA.

**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.

**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 markets receivables 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**

**Profit Distribution**

According to the Bank's Ordinary General Assembly Meeting dated 12 June 2020; in accordance with Article 33 of the Bank's Articles of Association regarding the determination, allocation and distribution of net profit for the period; after deducting the deferred tax income amounting to TL 1.277.304 from the net profit of TL 6.186.888 in accordance with the Circular No. 2004/3 of the BRSA, 5% (TL 245.479) of the remaining legal reserve has been set aside, the remaining TL 4.664.104 has been allocated to the Bank. Real estate sales revenue exception calculated in accordance with the VUK within the scope of the 5/1-e clause of the Corporate Tax Law no. After deducting 50% of its base, TL 72.102, allocating 5% of legal reserves over the remaining TL 101.280 (TL 5.064), transferring the remaining TL 96.216 to extraordinary reserves, TL 72.102 (full TL) which is 50% of the real estate sales profit exception and which should be monitored in a special fund account. is decided to transfer to other reserves.

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**SECTION FOUR**

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

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

Shareholders' equity and capital adequacy ratio were calculated within the framework of “Regulation on Banks' Equity” and “Regulation on Measurement and Evaluation of Capital Adequacy of Banks” and in addition to the regulations of BRSA numbered 3397 dated 23 March 2020. Based on recent regulation changes:

- In calculating the amount subject to credit risk, the purchase rate of foreign exchange, which is the basis for the preparation of the financial statements dated 31 December 2019, can be used while calculating the valued amounts in foreign currency.
- As of 23 March 2020, if the net valuation differences of the securities held by banks in the portfolio of “Financial Assets at Fair Value through Other Comprehensive Income” are negative, these differences may not be taken into consideration in the equity amount

As of 30 June 2020, the Group's total capital has been calculated as TL 107.046.989 (31 December 2019: TL 88.375.572), capital adequacy ratio is 17,29% (31 December 2019: 16,39%). This ratio is well above the minimum ratio required by the legislation.

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

	<b>Current Period 30 June 2020</b>	<b>Amount as per the regulation before 01/01/2014*</b>
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	13.100.000	-
Share issue premiums	-	-
Reserves	58.185.037	-
Gains recognized in equity as per TAS	10.904.676	-
Profit	8.102.515	-
Current Period Profit	5.548.465	-
Prior Period Profit	2.554.050	-
Shares acquired free of charge from associates, subsidiaries and entities under common control and cannot be recognized within profit for the period	17.388	-
Minority Interest	479	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>90.310.095</b>	<b>-</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1 <sup>st</sup> 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	5.232	-
Improvement costs for operating leasing	47.805	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1.008.407	1.008.407
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 4 <sup>th</sup> clause of the 56 <sup>th</sup> 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 2 <sup>nd</sup> clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-

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

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

**1. Information Related to the Components of Shareholders’ Equity (Continued)**

	Current Period 30 June 2020	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	-	-
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>1.061.444</b>	-
<b>Total Common Equity Tier I Capital</b>	<b>89.248.651</b>	-
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	11.262.270	-
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)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>11.262.270</b>	-
<b>Deductions from Additional Tier I Capital</b>		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank’s additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of 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 (-)	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier I capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
<b>Total Deductions from Additional Tier I Capital</b>	-	-
<b>Total Additional Tier I Capital</b>	<b>11.262.270</b>	-
<b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>	<b>100.510.921</b>	-
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
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)	6.576.293	-
<b>Tier II Capital Before Deductions</b>	<b>6.576.293</b>	-
<b>Deductions from Tier II Capital</b>		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank’s Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	-	-
<b>Total Tier II Capital</b>	<b>6.576.293</b>	-
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>107.087.214</b>	-

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

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

**1. Information Related to the Components of Shareholders' Equity (Continued)**

	<b>Current Period 30 June 2020</b>	<b>Amount as per the regulation before 01/01/2014*</b>
<b>Total Tier I Capital and Tier II Capital ( Total Equity)</b>	<b>107.087.214</b>	<b>-</b>
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale Purpose but Retained more than Five Years	-	-
Other items to be defined by the BRSA	40.225	-
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
<b>CAPITAL</b>		
Total Capital (Total of Tier I Capital and Tier II Capital)	107.046.989	-
Total Risk Weighted Assets	619.125.826	-
<b>CAPITAL ADEQUACY RATIOS</b>		
Consolidated CET 1 Capital Ratio (%)	14,42	-
Consolidated Tier I Capital Ratio (%)	16,23	-
Consolidated Capital Adequacy Ratio (%)	17,29	-
<b>BUFFERS</b>		
Total additional core capital requirement ratio (a+b+c)	4,59	-
a) Capital conservation buffer requirement (%)	2,50	-
b) Bank specific countercyclical buffer requirement (%)	0,089	-
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	9,92	-
<b>Amounts Lower than Excesses as per Deduction Rules</b>		
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	191.273	-
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	50.596	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	1.838.883	-
<b>Limits for Provisions Used in Tier II Capital Calculation</b>		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per the thousand)	8.723.083	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	6.576.293	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach. Limited by 0.6% Risk Weighted Assets	-	-
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(\*) Amounts considered within transition provisions.

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

**1. Information Related to the Components of Shareholders' Equity (Continued)**

	Prior Period	Amount as per the regulation before 01/01/2014*
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	6.100.000	-
Share issue premiums	-	-
Reserves	52.325.076	-
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 associates, subsidiaries and entities under common control and cannot be recognized within profit for the period	17.388	-
Minority Interest	309	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>74.582.446</b>	<b>-</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	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	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-

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**1. Information Related to the Components of Shareholders' Equity (Continued)**

	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	-	-
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>1.342.178</b>	-
<b>Total Common Equity Tier I Capital</b>	<b>73.240.268</b>	-
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	9.783.918	-
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)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>9.783.918</b>	-
<b>Total Tier I Capital and Tier II Capital ( Total Equity)</b>	-	-
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of 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 (-)	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
<b>Total Deductions from Additional Tier I Capital</b>	-	-
<b>Total Additional Tier I Capital</b>	<b>9.783.918</b>	-
<b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>	<b>83.024.186</b>	-
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	-	-
Third parties' share in the secondary capital	-	-
Third parties' share in the secondary capital (Covered by Temporary Article 3)	5.447.631	-
<b>Tier II Capital Before Deductions</b>	<b>5.447.631</b>	-
<b>Deductions from Tier II Capital</b>		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	-	-
<b>Total Tier II Capital</b>	<b>5.447.631</b>	-
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>88.471.817</b>	-

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

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

**1. Information Related to the Components of Shareholders' Equity (Continued)**

	<b>Prior Period</b>	<b>Amount as per the regulation before 01/01/2014*</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>88.471.817</b>	<b>-</b>
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale Purpose but Retained more than Five Years	-	-
Other items to be defined by the BRSA (-)	96.245	-
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
<b>CAPITAL</b>		
Total Capital (Total of Tier I Capital and Tier II Capital)	88.375.572	-
Total Risk Weighted Assets	539.203.074	-
<b>CAPITAL ADEQUACY RATIOS</b>		
Consolidated CET 1 Capital Ratio (%)	13,58	-
Consolidated Tier I Capital Ratio (%)	15,40	-
Consolidated Capital Adequacy Ratio (%)	16,39	-
<b>BUFFERS</b>		
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 (%)	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	-
<b>Amounts Lower than Excesses as per Deduction Rules</b>		
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	-
<b>Limits for Provisions Used in Tier II Capital Calculation</b>		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per the thousand)	5.447.631	-
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	-	-
<b>Debt Instruments Covered by Temporary Article 4 (effective between 01 January 2018-01 January 2022)</b>		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(\*) Amounts considered within transition provisions

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

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

**2. Items Included in Capital Calculation**

<b>Information about instruments included in total capital calculation-Current Period</b>		
	<b>T.C. Ziraat Bankası A.Ş.</b>	<b>Ziraat Katılım Bankası A.Ş.</b>
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 Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity of the BRSA.	The Regulation on Bank Capital and Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity of the BRSA.
<b>Regulatory treatment</b>		
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)	10.663	599
Nominal value of instrument (TL million)	10.663	599
Accounting classification of the instrument	347001-Subordinated Debts Instruments	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	
<b>Interest/dividend payment</b>		
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

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

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

**2. Items Included in Capital Calculation (Continued)**

<i>Convertible into equity shares</i>		
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
<i>Write-down feature</i>		
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**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance Sheet - Equity</b>	<b>87.045.983</b>	<b>74.227.502</b>
Operational Leasing Development Costs	(47.805)	(49.402)
Goodwill and Other Intangible Assets and Related Deferred Taxes Liabilities	(1.008.407)	(935.148)
TIER 2 Capital (Provisions)	6.576.293	5.447.631
Debt Instruments and the Related Issuance Premiums Defined by the BRSA TIER 2 Capital (Provisions)	11.262.270	9.783.918
Other deductions from common equity	(40.225)	(96.245)
Minority interest	(3.153)	(2.684)
Other regulations	3.262.033	-
Amount recognized in regulatory capital	<b>107.046.989</b>	<b>88.375.572</b>

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

**II. 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 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**

Periodic "Liquidity Gap Analysis" and "Repricing Gap Analysis" to determine the liquidity and structural interest rate risks in the US Dollar and Euro, which are the most important foreign currencies in which the Parent Bank operates, and the historical renewal rates of foreign exchange deposit accounts. "Structural Liquidity Gap Analysis" is performed. In addition, daily VaR analysis for the follow-up of currency risk and within the scope of legal reporting, Foreign Currency Net General Position / Equity ratio and Foreign Currency Liquidity Position are regularly monitored. The Parent Bank manages the Turkish Lira or foreign currency risks that may occur in the domestic and international markets and follows the transactions that create these risks, and manages these risks at optimum levels within the framework of market expectations and within the scope of its strategies by considering the balances with other financial risks. Foreign currency net general position / equity standard ratio calculated on a consolidated basis is within the limits. However, as of the end of June, the foreign currency net general position / equity standard ratio calculated within the scope of the "Regulation on Calculation and Application of Foreign Currency Net General Position / Equity Standard Ratio by Banks on a Consolidated and Unconsolidated Basis" is limited to 20%. and this ratio increased in the following period and the Parent Bank disclosed this situation to the BRSA within the period of sending the notification sheet to the BRSA. This situation is at a manageable level considering the asset-liability structure, capital development and sustainable profitability of the Parent Bank. The Parent Bank is working on the necessary action plan for the management of net foreign currency position. Sensitivity analysis regarding the currency risk that the Group is exposed to is explained in Note 6.

**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
23.06.2020	6,7837	7,6873	4,7215	1,0317	0,7318	7,1976	5,0246	0,7167	8,4960	1,8089	6,3877
24.06.2020	6,7862	7,6508	4,6777	1,0266	0,7288	7,1645	4,9998	0,7074	8,4448	1,8092	6,3500
25.06.2020	6,7865	7,6090	4,6535	1,0209	0,7263	7,1549	4,9729	0,6995	8,4166	1,8095	6,3342
26.06.2020	6,7865	7,5995	4,6433	1,0195	0,7240	7,1466	4,9493	0,6964	8,3589	1,8096	6,3253
29.06.2020	6,7862	7,6297	4,6485	1,0239	0,7298	7,1434	4,9549	0,7015	8,3273	1,8097	6,2963
30.06.2020	6,7860	7,6166	4,6735	1,0222	0,7289	7,1650	4,9820	0,7027	8,3847	1,8093	6,2961

**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
6,7567	7,6008	4,6574	1,0197	0,7252	7,0970	4,9841	0,7083	8,4529	1,8011	6,2766

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

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

**6. Information on The Foreign Currency Risk of the Group**

	EUR	USD	Other FC	Total
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	18.303.216	18.403.140	6.765.307	43.471.663
Banks	1.411.214	1.578.401	1.443.802	4.433.417
Financial Assets at Fair Value Through Profit and Loss <sup>(1)</sup>	4.135	63.689	11.466.630	11.534.454
Money Markets Receivables	-	-	279.283	279.283
Financial Assets at Fair Value Through Other Comprehensive Income	7.930.118	38.250.852	153.358	46.334.328
Loans <sup>(2)</sup>	62.213.805	82.472.502	4.285.006	148.971.313
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures)	-	172.222	6.424	178.646
Financial Assets Measured at Amortised Cost	11.921.723	3.289.519	107.653	15.318.895
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Assets	29.860	2.078	188.327	220.265
Intangible Assets	21.888	3.465	29.229	54.582
Other Assets <sup>(4)</sup>	1.236.421	2.524.849	352.532	4.113.802
<b>Total Assets <sup>(5)</sup></b>	<b>103.072.380</b>	<b>146.760.717</b>	<b>25.077.551</b>	<b>274.910.648</b>
<b>Liabilities</b>				
Interbank Deposits	12.022.227	1.728.359	792.882	14.543.468
Foreign Currency Deposits	123.056.584	111.630.552	35.461.148	270.148.284
Money Markets Borrowings	-	22.593.237	-	22.593.237
Funds Provided from Other Financial Institutions	9.146.652	22.818.515	70.914	32.036.081
Issued Marketable Securities <sup>(6)</sup>	10.760.595	11.129.064	137.499	22.027.158
Miscellaneous Payables	1.642.925	410.162	9.088	2.062.175
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	1.523.308	2.316.390	223.014	4.062.712
<b>Total Liabilities</b>	<b>158.152.291</b>	<b>172.626.279</b>	<b>36.694.545</b>	<b>367.473.115</b>
<b>Net Balance Sheet Position</b>	<b>(55.079.911)</b>	<b>(25.865.562)</b>	<b>(11.616.994)</b>	<b>(92.562.467)</b>
<b>Net Off-Balance Sheet Position <sup>(3)</sup></b>	<b>55.093.365</b>	<b>739.564</b>	<b>14.720.740</b>	<b>70.553.669</b>
Financial Derivative Assets	64.141.967	82.950.970	15.734.487	162.827.424
Financial Derivative Liabilities	9.048.602	82.211.406	1.013.747	92.273.755
<b>Non-Cash Loans</b>	<b>43.346.802</b>	<b>50.213.477</b>	<b>8.240.196</b>	<b>101.800.475</b>
<b>Prior Period</b>				
Total Assets	102.706.773	134.619.353	18.009.408	255.335.534
Total Liabilities	145.260.855	137.233.900	23.507.229	306.001.984
<b>Net Balance Sheet Position</b>	<b>(42.554.082)</b>	<b>(2.614.547)</b>	<b>(5.497.821)</b>	<b>(50.666.450)</b>
<b>Net Off-Balance Sheet Position <sup>(3)</sup></b>	<b>42.239.827</b>	<b>(10.244.323)</b>	<b>9.679.167</b>	<b>41.674.671</b>
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
<b>Non-Cash Loans</b>	<b>35.902.142</b>	<b>44.589.301</b>	<b>7.041.025</b>	<b>87.532.468</b>

<sup>(1)</sup> TL 11.345.477 equivalent to Financial Assets at Fair Value through Profit and Loss Other FC balance arises from gold indexed bonds. (31 December 2019: TL 1.856.094 equivalent to Other FC balance arises from gold indexed bonds)

<sup>(2)</sup> TL 339.934 equivalent of USD and TL 527.526 equivalent of EUR loans are originated as foreign currency indexed loans (31 December 2019: TL 294.722 equivalent of USD and TL 571.170 equivalent of EUR).

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

<sup>(4)</sup> Prepaid expenses in other assets amounting to TL 36.116 are not included.

<sup>(5)</sup> Expected loss provisions for financial assets and other assets are reflected in related items.

<sup>(6)</sup> Includes subordinated debt instruments.

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

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

**6. Information on The Foreign Currency Risk of the Group (Continued)**

*Analysis of Sensitivity to Currency Risk*

The effect of 10% depreciation of TL against USD, Euro and other currencies on equity and profit or loss statement (excluding tax effects) for the six-month accounting periods ended 30 June 2020 and 30 June 2019 is shown in the table below.

This analysis has been prepared with the assumption that all other variables, especially interest rates, remain constant.

	Current Period – 30 June 2020		Prior Period – 30 June 2019	
	Profit or Loss Statement	Equity (*)	Profit or Loss Statement	Equity (*)
US Dollar	(2.309.095)	(2.435.578)	(328.415)	(443.517)
EUR	(99.774)	(279.538)	(42.219)	(267.185)
Other Currencies	134.395	134.395	149.624	149.624
<b>Total (Net) (**)</b>	<b>(2.274.474)</b>	<b>(2.580.721)</b>	<b>(221.010)</b>	<b>(561.078)</b>

(\*) Equity effect also includes the effect of profit or loss due to the 10% depreciation of TL against related foreign currencies.

(\*\*) Associates, subsidiaries and entities under common control are included in the profit or loss statement effect calculation, but not in the calculation of impact on equity. Tangible and intangible assets are not included in the equity and profit or loss statement effect calculation.

The effect of 10% appreciation of TL against USD, Euro and other currencies on equity and profit or loss statement (excluding tax effect) for the six-month accounting periods ending on 30 June 2020 and 30 June 2019 is shown in the table below.

	Current Period – 30 June 2020		Prior Period – 30 June 2019	
	Profit or Loss Statement	Equity (*)	Profit or Loss Statement	Equity (*)
US Dollar	2.309.095	2.435.578	328.415	443.517
EUR	99.774	279.538	42.219	267.185
Other Currencies	(134.395)	(134.395)	(149.624)	(149.624)
<b>Total (Net) (**)</b>	<b>2.274.474</b>	<b>2.580.721</b>	<b>221.010</b>	<b>561.078</b>

(\*) Equity effect also includes the effect of profit or loss due to the 10% appreciation of TL against related foreign currencies.

(\*\*) Associates, subsidiaries and entities under common control are included in the profit or loss statement effect calculation, but not in the calculation of impact on equity. Tangible and intangible assets are not included in the equity and profit or loss statement effect calculation.

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

**III. 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)

<b>Current Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	4.818.865	-	-	-	-	43.149.878	47.968.743
Banks	547.539	53.380	225.069	72.889	2.881	3.584.024	4.485.782
Financial Assets at Fair Value Through Profit and Loss	401.443	524.564	7.611.651	3.620.711	141.923	4.432	12.304.724
Money Markets Receivables	768.111	-	-	-	-	-	768.111
Financial Assets at Fair Value Through Other Comprehensive Income	24.280.615	16.794.357	27.654.926	30.624.951	36.215.801	758.906	136.329.556
Loans Given <sup>(3)</sup>	122.618.453	34.540.945	138.217.602	242.053.524	46.142.691	4.518.400	588.091.615
Financial Assets Measured at Amortised Cost	2.562.343	89.848	7.122.241	12.833.619	4.374.163	-	26.982.214
Other Assets <sup>(2)</sup>	518.107	1.097.051	2.205.575	98.279	25.902	30.012.170	33.957.084
<b>Total Assets <sup>(1) (5)</sup></b>	<b>156.515.476</b>	<b>53.100.145</b>	<b>183.037.064</b>	<b>289.303.973</b>	<b>86.903.361</b>	<b>82.027.810</b>	<b>850.887.829</b>
<b>Liabilities</b>							
Interbank Deposits	13.737.675	3.985.923	4.985.688	478.458	43.780	2.938.198	26.169.722
Other Deposits	247.682.823	103.902.761	36.288.337	5.220.887	500.468	189.434.391	583.029.667
Money Markets Borrowings	39.999.923	13.224.903	1.370.879	559.687	-	-	55.155.392
Miscellaneous Payables	35.052	-	-	-	-	9.858.865	9.893.917
Issued Marketable Securities <sup>(6)</sup>	1.113.985	4.751.065	4.066.244	19.119.694	-	-	29.050.988
Funds Provided from Other Financial Institutions	2.803.243	7.874.606	14.413.866	6.832.844	691.350	-	32.615.909
Other Liabilities <sup>(4)</sup>	4.450.199	569.054	467.455	1.046.253	5.865.863	102.573.410	114.972.234
<b>Total Liabilities <sup>(1)</sup></b>	<b>309.822.900</b>	<b>134.308.312</b>	<b>61.592.469</b>	<b>33.257.823</b>	<b>7.101.461</b>	<b>304.804.864</b>	<b>850.887.829</b>
<b>Balance Sheet Long Position</b>	<b>-</b>	<b>-</b>	<b>121.444.595</b>	<b>256.046.150</b>	<b>79.801.900</b>	<b>-</b>	<b>457.292.645</b>
<b>Balance Sheet Short Position</b>	<b>(153.307.424)</b>	<b>(81.208.167)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(222.777.054)</b>	<b>(457.292.645)</b>
Off-Balance Sheet Long Position	1.149.579	2.283.652	19.741	185	-	-	3.453.157
Off-Balance Sheet Short Position	711.532	37.842	(559.192)	-	(1.015.345)	-	(825.163)
<b>Total Position</b>	<b>(151.446.313)</b>	<b>(78.886.673)</b>	<b>120.905.144</b>	<b>256.046.335</b>	<b>78.786.555</b>	<b>(222.777.054)</b>	<b>2.627.994</b>

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

<sup>(2)</sup> Deferred tax asset and liability are shown under the “Non-Interest Bearing” column.

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

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

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

<sup>(6)</sup> Includes subordinated debt instruments.

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

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

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

(Based on days to repricing dates)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
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 Markets Receivables	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 <sup>(3)</sup>	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 <sup>(2)</sup>	1.133.943	1.331.551	399.731	51.871	12.881	22.926.486	25.856.463
<b>Total Assets <sup>(1)(5)</sup></b>	<b>191.982.157</b>	<b>46.513.847</b>	<b>123.179.511</b>	<b>199.798.742</b>	<b>73.106.965</b>	<b>59.140.003</b>	<b>693.721.225</b>
<b>Liabilities</b>							
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 Markets 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	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 <sup>(4)</sup>	1.403.809	147.478	422.109	1.459.280	5.227.647	88.714.520	97.374.843
<b>Total Liabilities <sup>(1)</sup></b>	<b>264.946.368</b>	<b>91.035.769</b>	<b>71.214.570</b>	<b>31.703.238</b>	<b>7.697.269</b>	<b>227.124.011</b>	<b>693.721.225</b>
<b>Balance Sheet Long Position</b>	-	-	<b>51.964.941</b>	<b>168.095.504</b>	<b>65.409.696</b>	-	<b>285.470.141</b>
<b>Balance Sheet Short Position</b>	<b>(72.964.211)</b>	<b>(44.521.922)</b>	-	-	-	<b>(167.984.008)</b>	<b>(285.470.141)</b>
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
<b>Total Position</b>	<b>(70.729.756)</b>	<b>(44.306.725)</b>	<b>51.882.879</b>	<b>168.095.510</b>	<b>65.409.696</b>	<b>(167.854.397)</b>	<b>2.497.207</b>

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

<sup>(2)</sup> Deferred tax asset and liability are shown under the “Non-Interest Bearing” column.

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

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

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

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

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

**2. Average Interest Rate Applied to the Monetary Financial Instruments (%) (Represents Values Belonging to the Parent Bank) (%)**

	EUR	USD	JPY	TL
<b>Current Period <sup>(4)</sup></b>				
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey <sup>(1)</sup>	-	-	-	8,00
Banks	4,30	-	-	17,25
Financial Assets at Fair Value Through Profit or Loss	-	5,36	-	9,03
Money Markets Receivables	-	-	-	7,14
Financial Assets at Fair Value Through Other Comprehensive Income	2,85	5,90	-	10,63
Loans Given <sup>(2)</sup>	4,61	5,43	5,76	10,60
Financial Assets Measured at Amortised Cost	4,93	7,46	-	11,47
<b>Liabilities</b>				
Interbank Deposits	0,19	0,08	-	7,80
Other Deposits	0,35	1,18	-	7,62
Money Markets Borrowings	-	2,43	-	7,46
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities <sup>(3)</sup>	5,08	4,96	-	10,69
Funds Provided from Other Financial Institutions	1,56	2,88	-	9,86

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

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

<sup>(3)</sup> Subordinated debt instruments are included

<sup>(4)</sup> Foreign branches are excluded.

	EUR	USD	JPY	TL
<b>Prior Period <sup>(4)</sup></b>				
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey <sup>(1)</sup>	-	-	-	10,00
Banks	4,30	-	-	17,25
Financial Assets at Fair Value Through Profit or Loss	-	5,36	-	11,58
Money Markets Receivables	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	4,07	5,91	-	13,33
Loans Given <sup>(2)</sup>	5,00	6,97	5,19	13,35
Financial Assets Measured at Amortised Cost	4,99	7,40	-	15,14
<b>Liabilities</b>				
Interbank Deposits	0,34	1,56	-	11,20
Other Deposits	0,49	2,09	-	10,50
Money Markets Borrowings	-	2,92	-	11,53
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities <sup>(3)</sup>	5,08	4,97	1,50	13,65
Funds Provided from Other Financial Institutions	1,78	3,98	-	11,47

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

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

<sup>(3)</sup> Subordinated debt instruments are included

<sup>(4)</sup> Foreign branches are excluded.

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

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

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

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

Investments in Equity Instruments - Current Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	-	-	-
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	-	-	-
Traded on Stock Exchange	-	-	-
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other (*)	194.932	194.932	-

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

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

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

The investments in equity instruments, partaking in banking accounts according to the credit risk standard method, are amounted TL 194.932 and all of them are 100% risk weighted (31 December 2019: are amounted TL 163.902 and all of them are 100% risk weighted).

**V. 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”.

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

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

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 conducts the remaining maturity analysis in order to observe the maturity structure of its balance sheet, liquidity gap and structural liquidity gap analysis to monitor the liquidity need by periods, and Liquidity Stress Test in order to evaluate the liquidity need of the Bank in the worst possible situation. Core deposit analysis is carried out to determine the stable part of the deposit, which is the most important fund resource of the Bank. The renewal rates used in the analysis are taken into account on a daily basis. In addition, the Bank-sector maturity structures and legal liquidity ratios are monitored in order to compare the Bank's liquidity risk level with the sector.

In line with the “Economic Stability Shield” measures put in place to reduce the effects of the COVID-19 outbreak on the economy, the effects of the new loans on the existing loans and potential new disbursements on existing and future cash flows and related alternative resource plans, The necessary evaluations have been made by taking into consideration, and will be followed up in the future.

The Parent Bank maintains its liquidity buffer at high levels, taking into account the periods when liquidity risk may increase. Thanks to this approach, it is seen that the effect of the mobility experienced in the markets as a result of the negativity caused by the COVID-19 epidemic on the bank's liquidity needs is minimal.

**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 appetite, responsibilities and tasks of liquidity risk management and sharing of issues related to liquidity risk management with the bank network are explained in “Regulations of Risk Management, Stress Test Program and ICAAP Regulations” of the Bank. In this context, liquidity risk strategies, policies and implementations are shared within the Parent Bank on a weekly, monthly, quarterly and annual basis with all relevant departments and the Parent 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 through the Audit Committee.

***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.

***Information on the Bank's funding strategy, including policies on diversity of funding sources and duration***

The Parent 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 instruments and bilateral loan agreements are mainly considered.

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

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

**1. Liquidity Risk (Continued)**

*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, 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 Parent 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 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: April FC 362,55, TL + FC 125,86; May FC 293,29, TL + FC 120,22; June was realized as FC 315,71, TL + FC 136,11 (31 December 2019: October FC 503,92, TL+FC 145,41; November FC 475,35, TL+FC 146,11; December FC 513,41, TL+FC 149,27).

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

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

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

<b>Current Period</b>	<b>Total Unweighted Amount <sup>(*)</sup></b>		<b>Total Weighted Amount <sup>(*)</sup></b>	
	<b>TL+FC</b>	<b>FC</b>	<b>TL+FC</b>	<b>FC</b>
<b>High Quality Liquid Assets</b>				
High Quality Liquid Assets			132.975.228	53.091.904
<b>Cash Outflows</b>				
Retail and Small Business Customers, of which;	379.295.302	184.817.168	32.225.936	18.481.649
Stable deposits	114.071.867	1.343	5.703.593	67
Less stable deposits	265.223.435	184.815.825	26.522.343	18.481.582
Unsecured wholesale funding, of which;	191.430.391	75.528.710	95.043.677	40.822.887
Operational deposit	11.862.235	1.464.589	2.957.089	357.677
Non-operational deposits	149.730.519	60.548.442	66.668.661	27.095.209
Other unsecured funding	29.837.637	13.515.679	25.417.927	13.370.001
Secured funding				
Other cash outflows, of which;	76.235.767	11.760.565	9.097.216	4.339.043
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.586.728	1.629.314	2.586.728	1.629.314
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	73.649.039	10.131.251	6.510.488	2.709.729
Other revocable off-balance sheet commitments and contractual obligations	6.896.058	6.895.435	344.803	344.772
Other irrevocable or conditionally revocable off-balance sheet obligations	58.426.572	37.820.754	3.148.741	1.912.886
<b>Total Cash Outflows</b>			<b>139.860.373</b>	<b>65.901.237</b>
<b>Cash Inflows</b>				
Secured lending	-	-	-	-
Unsecured lending	46.699.475	24.982.251	32.462.274	18.778.686
Other cash inflows	2.895.542	39.233.288	2.878.373	39.216.119
<b>Total Cash Inflows</b>	<b>49.595.017</b>	<b>64.215.539</b>	<b>35.340.647</b>	<b>57.994.805</b>
			<b>Upper Limit Applied Amounts</b>	
<b>TOTAL HQLA STOCK</b>			<b>132.975.228</b>	<b>53.091.904</b>
<b>TOTAL NET CASH OUTFLOWS</b>			<b>104.519.726</b>	<b>16.475.309</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>127,23</b>	<b>322,25</b>

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

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

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

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

Prior Period	Total Unweighted Amount <sup>(*)</sup>		Total Weighted Amount <sup>(*)</sup>	
	TL+FC	FC	TL+FC	FC
<b>High Quality Liquid Assets</b>				
High Quality Liquid Assets			106.986.311	57.969.988
<b>Cash Outflows</b>				
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
<b>Total Cash Outflows</b>			<b>105.329.200</b>	<b>46.710.029</b>
<b>Cash Inflows</b>				
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
<b>Total Cash Inflows</b>	<b>47.661.400</b>	<b>66.929.734</b>	<b>32.491.909</b>	<b>61.266.588</b>
			<b>Upper Limit Applied Amounts</b>	
<b>Total HQLA Stock</b>			<b>106.986.311</b>	<b>57.969.988</b>
<b>Total Net Cash Outflows</b>			<b>72.837.291</b>	<b>11.677.507</b>
<b>Liquidity Coverage Ratio (%)</b>			<b>146,88</b>	<b>496,42</b>

<sup>(\*)</sup> 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 pattern.

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

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

**3. Minimum Statements Concerning Liquidity Coverage Ratio by Banks (Continued)**

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.

***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 from the portfolio (the important part of bonds and T-bills issued by Republic of Turkey and other bonds).

***The content of funds and their share in the total liabilities and funding***

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***

Liquidity needs and surpluses of the Parent Bank’s foreign branches and consolidated subsidiaries are regularly monitored and managed. There are no operational or legal restrictions preventing liquidity transfer. In the analysis made, it is seen that the effect of subsidiaries and foreign branches on the Parent Bank’s liquidity structure is limited in proportion to the balance sheet size. Liquidity needs and surpluses are met in the most appropriate way between partnerships and 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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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

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

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed <sup>(1)</sup>	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	24.369.487	23.529.660	-	-	-	-	69.596	47.968.743
Banks	3.584.024	547.708	53.211	225.069	72.889	2.881	-	4.485.782
Financial Assets at Fair Value Through Profit and Loss	4.782	376.174	522.293	7.626.673	3.633.229	141.573	-	12.304.724
Money Markets Receivables	-	768.111	-	-	-	-	-	768.111
Financial Assets at Fair Value Through Other Comprehensive Income	-	3.159.562	6.052.115	14.633.517	59.390.786	52.460.544	633.032	136.329.556
Loans Given	338.329	23.024.690	32.847.520	182.809.717	276.635.349	67.917.610	4.518.400	588.091.615
Investments Held-to-Maturity	-	168.465	89.848	2.437.772	13.479.763	10.806.366	-	26.982.214
Other Assets	8.645.155	392.121	1.097.051	2.205.575	98.279	25.902	21.493.001	33.957.084
<b>Total Assets<sup>(2)</sup></b>	<b>36.941.777</b>	<b>51.966.491</b>	<b>40.662.038</b>	<b>209.938.323</b>	<b>353.310.295</b>	<b>131.354.876</b>	<b>26.714.029</b>	<b>850.887.829</b>
<b>Liabilities</b>								
Interbank Deposits	2.938.198	13.737.675	3.985.923	4.985.688	478.458	43.780	-	26.169.722
Other Deposits	189.434.391	247.795.028	103.814.609	36.245.805	5.260.786	479.048	-	583.029.667
Funds Provided from Other Financial Institutions	-	394.359	940.230	15.443.033	12.069.711	3.768.576	-	32.615.909
Money Markets Borrowings	-	39.999.923	13.224.903	1.370.879	559.687	-	-	55.155.392
Issued Marketable Securities <sup>(3)</sup>	-	1.113.985	4.751.065	4.066.244	19.119.694	-	-	29.050.988
Miscellaneous Payables	2.949.848	6.705.024	-	-	-	-	239.045	9.893.917
Other Liabilities	10.593.327	3.284.917	2.668.619	467.455	1.046.253	7.330.171	89.581.492	114.972.234
<b>Total Liabilities</b>	<b>205.915.764</b>	<b>313.030.911</b>	<b>129.385.349</b>	<b>62.579.104</b>	<b>38.534.589</b>	<b>11.621.575</b>	<b>89.820.537</b>	<b>850.887.829</b>
<b>Liquidity Gap</b>	<b>(168.973.987)</b>	<b>(261.064.420)</b>	<b>(88.723.311)</b>	<b>147.359.219</b>	<b>314.775.706</b>	<b>119.733.301</b>	<b>(63.106.508)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>								
Financial Derivative Assets	980.439	89.428.299	29.966.836	21.345.877	159.670	1.187.550	-	143.068.671
Financial Derivative Liabilities	976.867	90.048.773	30.265.266	20.760.540	159.485	1.015.338	-	143.226.269
<b>Non-cash Loans</b>	<b>46.676.314</b>	<b>6.270.398</b>	<b>11.599.042</b>	<b>43.406.801</b>	<b>33.616.662</b>	<b>5.476.308</b>	<b>407.546</b>	<b>147.453.071</b>
<b>Prior Period</b>								
Total Assets	37.284.253	65.265.992	37.626.040	185.293.366	253.080.890	93.486.055	21.684.629	693.721.225
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
<b>Liquidity Gap</b>	<b>(102.378.175)</b>	<b>(204.945.967)</b>	<b>(49.514.285)</b>	<b>114.421.823</b>	<b>216.705.850</b>	<b>81.363.529</b>	<b>(55.652.775)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>								
Financial Derivative Assets	-	105.413	(8.583)	(88.029)	670.218	18.825	-	697.844
Financial Derivative Liabilities	-	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
<b>Non-cash Loans</b>	<b>42.650.170</b>	<b>6.515.165</b>	<b>12.406.400</b>	<b>38.396.519</b>	<b>26.266.400</b>	<b>5.260.088</b>	<b>201.418</b>	<b>131.696.160</b>

(1) Assets which are required for banking operations and could not be converted into cash in short-term, such as; property and equipment, 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) Expected loss provision for financial assets and other assets are recognized in the related account.

(3) Includes subordinated debt instruments.

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

**VI. EXPLANATIONS ON CONSOLIDATED LEVERAGE**

**1. Explanations on Issues that Cause Differences Between Leverage Ratios**

The Group’s consolidated leverage calculated by force of the regulation “Regulation on Measurement and Assessment of Leverage Ratios of Banks” is 8,44% (31 December 2019: 9,24%). The increase on leverage results occur from the increase in Tier 1 capital amount. The regulation sentenced the minimum leverage as 3%.

<b>Balance sheet assets</b>	<b>Current Period <sup>(*)</sup></b>	<b>Prior Period <sup>(*)</sup></b>
On-balance sheet items (excluded derivative financial instruments and credit derivatives, included collateral)	830.571.819	673.691.992
(Assets deducted in determining Tier 1 capital)	(4.652.889)	(3.562.075)
<b>Total on-balance sheet risks (sum of lines 1 and 2)</b>	<b>825.918.930</b>	<b>670.129.917</b>
<b>Derivative financial instruments and credit derivatives</b>		
Replacement cost associated with all derivative financial instruments and credit Derivatives	4.673.499	2.575.393
Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	1.865.382	1.622.384
<b>Total risks of derivative financial instruments and credit derivatives</b>	<b>6.538.881</b>	<b>4.197.777</b>
<b>Securities or commodity financing transactions (SCFT)</b>		
Risks from SCFT assets	12.747.392	8.795.353
Risks from brokerage activities related exposures	-	-
<b>Total risks related with securities or commodity financing transactions</b>	<b>12.747.392</b>	<b>8.795.353</b>
<b>Other off-balance sheet transactions</b>		
Gross notional amounts of off-balance sheet transactions	239.796.746	197.379.048
(Adjustments for conversion to credit equivalent amounts)	(6.209.533)	(4.251.413)
<b>Total risks of off-balance sheet items</b>	<b>233.587.213</b>	<b>193.127.635</b>
<b>Capital and total risks</b>		
Tier 1 capital	91.102.698	80.977.302
<b>Total risks</b>	<b>1.078.792.416</b>	<b>876.250.682</b>
<b>Leverage ratio</b>		
Leverage ratio %	8,44	9,24

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

**2. An Extract Comparison Table of Total Risks Placed in Consolidated Financial Statements Coordinated in Accordance With TAS**

	<b>Current Period <sup>(*)</sup></b>	<b>Prior Period <sup>(*)</sup></b>
Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards <sup>(**)</sup>	851.525.480	693.781.550
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”	637.651	60.325
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	318.180.660	255.846.636
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	39.589.805	42.291.398
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	6.209.534	4.251.413
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	(47.663.698)	(48.511.359)
<b>Total Risk Amount</b>	<b>1.078.792.416</b>	<b>876.250.682</b>

<sup>(\*)</sup> The amounts shown in the table are 3 month averages.

<sup>(\*\*)</sup> 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 30 June 2020 of the nonfinancial subsidiaries.

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

**VII. 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**

**The Parent Bank's Risk Management Approach**

*Overview of Risk Weighted Amounts*

		Risk Weighted Amount		Minimum capital Requirement
		Current Period	Prior Period	Current Period
1	Credit Risk (excluding counterparty credit risk)	516.642.190	464.023.607	41.331.375
2	Standardised approach	516.642.190	464.023.607	41.331.375
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	7.239.705	5.889.919	579.176
5	Standardised approach for counterparty credit risk	7.239.705	5.889.919	579.176
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	2.221.513	2.367.231	177.721
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	49.881.772	28.277.041	3.990.542
17	Standardised approach	49.881.772	28.277.041	3.990.542
18	Internal model approaches	-	-	-
19	Operational risk	43.140.646	38.645.276	3.451.252
20	Basic Indicator approach	43.140.646	38.645.276	3.451.252
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity(subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>619.125.826</b>	<b>539.203.074</b>	<b>49.530.066</b>

**2. Explanations of Credit Risk**

*Credit Quality of Assets*

Current Period	Estimated gross amount in accordance with TAS in the Consolidated financial statements prepared according to legal consolidation		Provisions / Depreciation and impairment	Net value
	Defaulted	Non-defaulted		
Loans	15.482.230	591.601.685	18.992.300	588.091.615
Debt instruments	-	103.718.037	1.835.035	101.883.002
Off-balance sheet receivables	711.752	221.079.665	1.341.275	220.450.142
<b>Total</b>	<b>16.193.982</b>	<b>916.399.387</b>	<b>22.168.610</b>	<b>910.424.759</b>

Prior Period	Estimated gross amount in accordance with TAS in the Consolidated financial statements prepared according to legal consolidation		Provisions / Depreciation and impairment	Net value
	Defaulted	Non-defaulted		
Loans	14.531.430	470.096.211	14.162.291	470.465.350
Debt instruments	-	135.726.146	2.134.137	133.592.009
Off-balance sheet receivables	758.256	198.776.464	1.134.125	198.400.595
<b>Total</b>	<b>15.289.686</b>	<b>804.598.821</b>	<b>17.430.553</b>	<b>802.457.954</b>

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**VII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**2. Explanations of Credit Risk (Continued)**

*Credit Quality of Assets (Continued)*

*Changes in default receivables and debt instruments inventory*

	<b>Current Period</b>
<b>1 The amount of defaulted loans and borrowing instruments at the end of the previous reporting period</b>	<b>14.531.430</b>
2 Loans and borrowing instruments that defaulted since the last reporting period	2.040.172
3 Receivables in the status of not defaulted again	120.126
4 Amounts write-off from assets	-
5 Other changes	(969.246)
<b>6 The amount of defaulted loans and borrowing instruments at the end of the reporting period (1 + 2-3-4 ± 5)</b>	<b>15.482.230</b>

	<b>Prior Period</b>
<b>1 The amount of defaulted loans and borrowing instruments at the end of the previous reporting period</b>	<b>8.755.997</b>
2 Loans and borrowing instruments that defaulted since the last reporting period	8.815.989
3 Receivables in the status of not defaulted again	68.930
4 Amounts write-off from assets	-
5 Other changes	(2.971.626)
<b>6 The amount of defaulted loans and borrowing instruments at the end of the reporting period (1 + 2-3-4 ± 5)</b>	<b>14.531.430</b>

*Credit risk mitigation techniques - Overview*

	Unsecured receivables: TAS probable valued amount	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Loans protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
<b>Current Period</b>							
Loans	437.423.795	135.424.125	65.229.452	131.052.712	63.097.215	-	-
Debt instruments	97.615.544	-	-	-	-	-	-
<b>Total</b>	<b>535.039.339</b>	<b>135.424.125</b>	<b>65.229.452</b>	<b>131.052.712</b>	<b>63.097.215</b>	-	-
Defaulted	14.366.954	912.879	318.089	903.758	317.277	-	-

	Unsecured receivables: TAS probable valued amount	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Loans protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
<b>Prior Period</b>							
Loans	387.419.543	84.336.819	48.242.825	67.009.421	44.952.792	-	-
Debt instruments	133.592.009	-	-	-	-	-	-
<b>Total</b>	<b>521.011.552</b>	<b>84.336.819</b>	<b>48.242.825</b>	<b>67.009.421</b>	<b>44.952.792</b>	-	-
Defaulted	12.420.194	2.111.236	733.725	2.109.151	733.709	-	-

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

**VII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**2. Explanations of Credit Risk (Continued)**

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

Current Period	The credit conversion rate and the loan amount before the credit risk reduction		The credit conversion rate and the loan amount after the credit risk reduction		Risk weighted amount and risk weighted amount density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance amount	Off-balance sheet amount
<b>Risk classes</b>						
Receivables from central government or central banks	145.178.659	833.244	207.365.360	586.155	6.577.731	3,2%
Receivables from regional or local governments	593.528	70.220	630.532	43.887	330.896	49,1%
Receivables from administrative units and non-commercial enterprises	274.113	690.958	250.819	309.440	540.975	96,6%
Multilateral development receivables from banks	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-
Receivables from banks and intermediary institutions	50.141.976	11.401.247	50.974.261	6.237.924	11.939.531	20,9%
Corporate receivables	249.076.495	127.204.297	222.826.401	68.072.365	288.708.001	99,2%
Retail receivables	224.538.013	56.539.491	191.984.100	6.154.264	147.426.283	74,4%
Receivables secured with real estate mortgage for residence	61.380.597	862.473	61.377.735	355.265	21.605.273	35,0%
Receivables secured by real estate mortgage	27.353.264	1.395.989	23.452.714	772.509	16.030.807	66,2%
Delayed receivables	3.910.625	-	3.593.351	-	2.323.232	64,7%
The risk is high determined receivables	618.599	212.574	618.596	112.703	1.067.892	146,0%
Mortgage-backed securities	-	-	-	-	-	-
Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-
Investments in the nature of collective investment enterprise	3.928.989	130.437	3.920.989	65.080	2.221.513	55,7%
Other receivables	35.866.525	-	35.866.525	-	25.339.318	70,6%
Equity investments	475.387	-	475.387	-	475.387	100,0%
<b>Total</b>	<b>803.336.770</b>	<b>199.340.930</b>	<b>803.336.770</b>	<b>82.709.592</b>	<b>524.586.839</b>	<b>59,2%</b>

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

**VII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**2. Explanations of Credit Risk (Continued)**

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

Prior Period	The credit conversion rate and the loan amount before the credit risk reduction		The credit conversion rate and the loan amount after the credit risk reduction		Risk weighted amount and risk weighted amount density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance amount	Off-balance sheet amount
<b>Risk classes</b>						
Receivables from central government or central banks	142.772.174	824.931	185.517.801	2.739.787	31.883.780	16,9%
Receivables from regional or local governments	618.948	77.751	443.045	44.102	232.054	47,6%
Receivables from administrative units and non-commercial enterprises	250.281	757.225	1.203.781	385.688	1.549.733	97,5%
Multilateral development receivables from banks	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-
Receivables from banks and intermediary institutions	74.194.983	14.517.448	75.389.253	8.108.048	14.062.276	16,8%
Corporate receivables	226.687.251	120.310.850	199.982.187	63.252.866	260.017.372	98,8%
Retail receivables	160.423.783	52.259.544	143.756.084	4.531.954	110.036.616	74,2%
Receivables secured with real estate mortgage for residence	59.603.803	352.789	59.275.334	174.748	20.818.566	35,0%
Receivables secured by real estate mortgage	8.464.297	740.249	8.214.361	445.931	4.397.972	50,8%
Delayed receivables	4.794.048	-	4.075.365	-	2.680.485	65,8%
The risk is high determined receivables	2.788.783	373.558	2.741.140	152.885	4.335.303	149,8%
Mortgage-backed securities	-	-	-	-	-	-
Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-
Investments in the nature of collective investment enterprise	2.496.762	112.063	2.496.762	55.817	2.367.231	92,7%
Other receivables	33.334.403	-	33.334.403	-	19.735.467	59,2%
Equity investments	163.902	-	163.902	-	163.902	100,0%
<b>Total</b>	<b>716.593.418</b>	<b>190.326.408</b>	<b>716.593.418</b>	<b>79.891.826</b>	<b>472.280.757</b>	<b>59,3%</b>

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

**VII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**2. Explanations of Credit Risk (Continued)**

*Receivables related with Risk Classes and Risk Weights*

Risk Classes/ Risk Weight – Current Period	0%	10%	20%	35% Secured by property mortgage	50% Secured by property mortgage	50% (*)	75%	100%	150%	200%	Other	Total risk amount (post- CCF and CRM)
Exposures to sovereigns and their central banks	195.546.069	-	185.285	-	-	11.358.975	-	861.186	-	-	-	207.951.515
Exposures to regional and local government	31.328	-	34	-	-	624.335	-	18.722	-	-	-	674.419
Exposures to administrative bodies and non-commercial entities	19.175	-	136	-	-	-	-	540.948	-	-	-	560.259
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	25.606.836	-	11.848.608	-	-	16.742.671	-	1.161.421	-	-	1.852.649	57.212.185
Exposures to corporates	856.235	-	574.495	-	-	1.749.868	-	287.718.168	-	-	-	290.898.766
Retail exposures	1.004.241	-	770.175	-	-	2.854	196.361.094	-	-	-	-	198.138.364
Exposures secured by residential property	1.946	-	3.976	61.727.078	-	-	-	-	-	-	-	61.733.000
Exposures secured by commercial property	38.699	-	34.133	-	16.256.820	-	-	7.895.571	-	-	-	24.225.223
Past-due items	811	-	-	-	-	2.538.617	-	1.053.923	-	-	-	3.593.351
Exposures in high-risk categories	401	-	9	-	-	28.343	-	200	702.346	-	-	731.299
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	1.764.556	-	-	-	-	-	-	2.221.513	-	-	-	3.986.069
Equity share investments	-	-	-	-	-	-	-	475.387	-	-	-	475.387
Other exposures	10.525.871	-	1.670	-	-	-	-	25.338.984	-	-	-	35.866.525
<b>Total</b>	<b>235.396.168</b>	<b>-</b>	<b>13.418.521</b>	<b>61.727.078</b>	<b>16.256.820</b>	<b>33.045.663</b>	<b>196.361.094</b>	<b>327.286.023</b>	<b>702.346</b>	<b>-</b>	<b>1.852.649</b>	<b>886.046.362</b>

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

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

**VII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**2. Explanations of Credit Risk (Continued)**

*Receivables related with Risk Classes and Risk Weights (Continued)*

Risk Classes/ Risk Weight – Prior Period	0%	10%	20%	35% Secured by property mortgage	50% Secured by property mortgage	50% (*)	75%	100%	150%	200%	Other	Total risk amount (post- CCF and CRM)
Exposures to sovereigns and their central banks	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
<b>Total</b>	<b>183.972.736</b>	<b>-</b>	<b>19.287.478</b>	<b>59.380.353</b>	<b>8.493.780</b>	<b>87.915.771</b>	<b>146.525.565</b>	<b>285.148.908</b>	<b>2.889.911</b>	<b>-</b>	<b>2.870.742</b>	<b>796.485.244</b>

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

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

**VII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**3. Counter Party Credit Risk**

*Evaluation of Counterparty Credit Risk in Accordance with the Measurement Methods*

		Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	Risk Weighted Amount
	<b>Current Period</b>						
	Valuation Method according to fair value - CCR (for derivatives)	2.592.670	1.605.588			4.198.258	2.029.594
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)					26.102.696	2.407.061
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)					5.425.473	1.249.428
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	<b>Total</b>						<b>5.686.083</b>

(\*) Effective Expected Positive Exposure

		Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	Risk Weighted Amount
	<b>Prior Period</b>						
	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	<b>Total</b>						<b>5.746.800</b>

(\*) Effective Expected Positive Exposure

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

**VII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**3. Counter Party Credit Risk (Continued)**

*Capital Requirement for Loan Valuation Adjustments*

		<b>Exposure at default post-CRM</b>	<b>Risk Weighted Amount</b>
<b>Current Period</b>			
	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	4.198.258	1.516.569
<b>4</b>	<b>Total subject to the CVA capital charge</b>	<b>4.198.258</b>	<b>1.516.569</b>

		<b>Exposure at default post-CRM</b>	<b>Risk Weighted Amount</b>
<b>Prior Period</b>			
	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
<b>4</b>	<b>Total subject to the CVA capital charge</b>	<b>4.768.756</b>	<b>85.704</b>

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

**VII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**3. Counter Party Credit Risk (Continued)**

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

Current Period Risk Weight /Risk Classes	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure <sup>(*)</sup>
Exposures to sovereigns and their central banks	4.445.071	-	-	-	-	256.900	-	-	4.701.971
Exposures to regional and local government	3.938	-	-	-	-	-	-	-	3.938
Exposures to administrative bodies and non-commercial entities	7.669	-	-	-	-	-	-	-	7.669
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	13.188.785	-	10.231.763	4.072.992	-	918	-	1.852.649	29.347.107
Exposures to corporates	391.454	-	-	-	-	1.343.957	-	-	1.735.411
Retail exposures	16.480	-	-	-	1.946	-	-	-	18.426
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	1.764.554	-	-	-	-	-	-	-	1.764.554
Equity share investments	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>19.817.951</b>	<b>-</b>	<b>10.231.763</b>	<b>4.072.992</b>	<b>1.946</b>	<b>1.601.775</b>	<b>-</b>	<b>1.852.649</b>	<b>37.579.076</b>

(\*) 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

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

**VII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**3. Counter Party Credit Risk (Continued)**

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

Prior Period Risk Weight /Risk Classes	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure <sup>(*)</sup>
Exposures to sovereigns and their central banks	2.734.946	-	-	457.031	-	133.957	-	-	3.325.934
Exposures to regional and local government	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 (**)	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>45.945.159</b>	<b>-</b>	<b>11.474.227</b>	<b>6.007.273</b>	<b>1.349</b>	<b>533.010</b>	<b>-</b>	<b>2.870.742</b>	<b>66.831.760</b>

(\*) 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.

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

**VII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**3. Counter Party Credit Risk (Continued)**

*Risk classes and counterparty credit risk explanations*

Current Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Nonsegregated	Segregated	Nonsegregated		
Cash-domestic currency	-	-	-	-	13.333.864	-
Cash-foreign currency	-	-	-	-	23.531.206	-
Domestic sovereign debts	-	-	-	-	59.448	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>36.924.518</b>	-

Prior Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Nonsegregated	Segregated	Nonsegregated		
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	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>50.083.652</b>	-

*Credit Derivatives*

None (31 December 2019: None).

*Risks Related with Central Counterparty*

	Current Period	Exposure at default (post-CRM)	RWA
1	<b>Exposure to Qualified Central Counterparties (QCCPs) (total)</b>	<b>1.852.649</b>	<b>37.053</b>
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC Derivatives	-	-
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	101.652	2.033
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	1.750.997	35.020
10	Unfunded default fund contributions	-	-
11	<b>Exposures to non-QCCPs (total)</b>	-	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which )	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

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

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

**VII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

**3. Counter Party Credit Risk (Continued)**

	<b>Prior Period</b>	<b>Exposure at default (post-CRM)</b>	<b>RWA</b>
1	<b>Exposure to Qualified Central Counterparties (QCCPs) (total)</b>	<b>2.870.742</b>	<b>57.415</b>
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC Derivatives	-	-
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	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	<b>Exposures to non-QCCPs (total)</b>	<b>-</b>	<b>-</b>
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which )	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

**4. Explanations on Market Risk**

*Standard approach*

	<b>Current Period</b>	<b>Risk Weighted Amount</b>
	<b>Outright products</b>	
1	Interest rate risk (general and specific)	21.983.847
2	Equity risk (general and specific)	885.768
3	Foreign exchange risk	27.012.157
4	Commodity risk	-
	<b>Options</b>	
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitisation	-
9	<b>Total</b>	<b>49.881.772</b>

	<b>Prior Period</b>	<b>Risk Weighted Amount</b>
	<b>Outright products</b>	
1	Interest rate risk (general and specific)	15.626.574
2	Equity risk (general and specific)	752.996
3	Foreign exchange risk	11.897.471
4	Commodity risk	-
	<b>Options</b>	
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitisation	-
9	<b>Total</b>	<b>28.277.041</b>

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

**VII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued)**

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

The following tables that should be given in quarterly and six-month periods in accordance with the footnotes and related explanations prepared in accordance with the “Communiqué on Public Disclosures by the Banks” published in the Official Gazette dated 23 October 2015 and numbered 29511 by the BRSA and entered into force as of 31 March 2016. As of 30 June 2020 the tables are not presented, since the standard approach is used in the calculation of the market risk of the Bank:

- Market risk RWA (Risk Weighted Amount) change table according to the internal model approach- Internal model approach for trading account
- Comparison of RmD (Value at Risk) estimates with profit / loss

**VIII. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS**

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

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

Known as having the most extensive branch network in retail banking sector, the Parent 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 entrepreneurial 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 Loan 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 distribution of treasury products to branches and other channels for marketing purposes and the intermediation to the customers’ trade finance are other responsibilities. The Bank acts as an intermediary for sale and purchase of securities, for public offerings as an agency of Ziraat Yatırım Menkul Değerler A.Ş. and for transaction of mutual funds founded by Ziraat Portföy Yönetimi A.Ş. and other portfolio management companies’. It also provides custody service for these financial instruments and besides, long term financing from banks and international financial institutions, issuing bonds in local and international markets, managing relationship with correspondent banks 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 30 June 2020, 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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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

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

**1. Table for Segment Reporting**

<b>Current Period</b>	<b>Retail Banking</b>	<b>Corporate/ Entrepreneur banking</b>	<b>Specialized Banking</b>	<b>Treasury/ Investment Banking</b>	<b>Consolidation Corrections</b>	<b>Other/ Undistribut ed</b>	<b>Total</b>
<b>OPERATING INCOME/EXPENSE</b>							
<b>Interest Income</b>	<b>7.283.701</b>	<b>12.311.225</b>	<b>4.161.083</b>	<b>10.420.023</b>	-	<b>332.276</b>	<b>34.508.308</b>
Interest Income from Loans	7.283.701	12.311.225	4.161.083	3.022.652	-	-	26.778.661
Interest Income from Banks	-	-	-	55.850	-	-	55.850
Interest Income from Securities	-	-	-	7.264.639	-	-	7.264.639
Other Interest Income	-	-	-	76.882	-	332.276	409.158
<b>Interest Expense</b>	<b>6.429.570</b>	<b>3.156.023</b>	-	<b>4.027.300</b>	-	<b>930.039</b>	<b>14.542.932</b>
Interest Expense on Deposits	6.429.570	3.156.023	-	710.991	-	-	10.296.584
Interest Expense on Funds Borrowed	-	-	-	696.674	-	-	696.674
Interest Expense on Money Market Transactions	-	-	-	1.725.379	-	-	1.725.379
Interest Expense on Securities Issued	-	-	-	894.256	-	-	894.256
Other Interest Expense	-	-	-	-	-	930.039	930.039
<b>Net Interest Income/Expense</b>	<b>854.131</b>	<b>9.155.202</b>	<b>4.161.083</b>	<b>6.392.723</b>	-	<b>(597.763)</b>	<b>19.965.376</b>
<b>Net Fees and Commission</b>							
<b>Income/Expense</b>	<b>1.169.516</b>	<b>714.034</b>	<b>63.416</b>	<b>(553.562)</b>	-	<b>(142.095)</b>	<b>1.251.309</b>
Fees and Commissions Received	1.169.516	724.245	63.416	3.868	-	358.772	2.319.817
Fees and Commissions Paid	-	10.211	-	557.430	-	500.867	1.068.508
<b>Dividend Income</b>	-	-	-	<b>1.041.243</b>	<b>(1.039.756)</b>	-	<b>1.487</b>
<b>Trading Profit/Loss (Net)</b>	-	-	-	<b>(2.749.724)</b>	-	<b>6.402</b>	<b>(2.743.322)</b>
<b>Other Operating Income</b>	<b>24.105</b>	<b>154.016</b>	<b>12.823</b>	<b>48.622</b>	-	<b>1.556.948</b>	<b>1.796.514</b>
<b>Provision for Expected Loss (-)</b>	<b>1.373.733</b>	<b>3.496.171</b>	<b>707.249</b>	-	-	<b>138.580</b>	<b>5.715.733</b>
<b>Other Provision Expenses (-)</b>	<b>20</b>	<b>121</b>	-	<b>7.273</b>	-	<b>2.135.373</b>	<b>2.142.787</b>
<b>Personnel Expenses (-)</b>	-	-	-	-	-	<b>2.690.993</b>	<b>2.690.993</b>
<b>Other Operating Expense</b>	<b>1.558.946</b>	<b>78.704</b>	<b>34.222</b>	<b>20.228</b>	-	<b>2.547.144</b>	<b>4.239.244</b>
<b>Net Operating Profit/Loss</b>	<b>(884.947)</b>	<b>6.448.256</b>	<b>3.495.851</b>	<b>4.151.801</b>	<b>(1.039.756)</b>	<b>(6.688.598)</b>	<b>5.482.607</b>
<b>Profit/Loss on Equity Method</b>							
<b>Applied Subsidiaries</b>	-	-	-	-	<b>18.543</b>	<b>7.646</b>	<b>26.189</b>
<b>Tax Provision</b>	-	-	-	-	-	<b>(1.816.228)</b>	<b>(1.816.228)</b>
<b>Discontinued Operations Profit / Loss Before Taxes</b>	-	-	-	-	-	<b>1.937.973</b>	<b>1.937.973</b>
<b>Discontinued Operations Tax Provision</b>	-	-	-	-	-	<b>(81.405)</b>	<b>(81.405)</b>
<b>Net Profit/Loss</b>	<b>(884.947)</b>	<b>6.448.256</b>	<b>3.495.851</b>	<b>4.151.801</b>	<b>(1.021.213)</b>	<b>(6.640.612)</b>	<b>5.549.136</b>
<b>SEGMENT ASSETS</b>							
Financial Assets at FV Through P/L	-	-	-	12.304.724	-	-	12.304.724
Banks and Receivables from Money Market	-	-	-	5.253.893	-	-	5.253.893
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	136.328.039	1.517	-	136.329.556
Loans	156.922.017	330.309.036	78.228.284	22.631.189	-	1.089	588.091.615
Financial Assets Measured at Amortised Cost (Net)	-	-	-	26.982.214	-	-	26.982.214
Derivative Financial Assets	-	-	-	3.675.730	-	-	3.675.730
Associates, Subsidiaries and Entities under Common Control	-	-	-	10.141.606	(8.940.610)	-	1.200.996
Other Assets	15.847	5.893.841	144.580	43.353.440	205.771	27.435.622	77.049.101
<b>Total Segment Assets</b>	<b>156.937.864</b>	<b>336.202.877</b>	<b>78.372.864</b>	<b>260.670.835</b>	<b>(8.733.322)</b>	<b>27.436.711</b>	<b>850.887.829</b>
<b>SEGMENT LIABILITIES</b>							
Deposits	421.567.585	134.178.688	-	27.029.691	-	26.423.425	609.199.389
Derivative Financial Liabilities Held for Trading	-	-	-	2.960.023	-	-	2,960,023
Funds Borrowed	-	-	-	32,615,909	-	-	32,615,909
Money Markets Borrowings	15,023	11,379,200	-	43,761,169	-	-	55,155,392
Securities Issued (Net)	-	-	-	18,290,393	-	-	18,290,393
Provisions	1,856	1,287,932	-	73	-	4,904,674	6,194,535
Other Liabilities	-	-	-	-	(3,625)	39,429,830	39,426,205
Shareholders' Equity	-	-	-	-	(8,729,698)	95,775,681	87,045,983
<b>Total Segment liabilities</b>	<b>421.584.464</b>	<b>146.845.820</b>	-	<b>124.657.258</b>	<b>(8.733.323)</b>	<b>166.533.610</b>	<b>850.887.829</b>

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

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

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

Prior Period	Retail Banking	Corporate/ Entrepreneur banking	Specialized Banking	Treasury/ Investment Banking	Consolidation Corrections	Other/ Undistributed	Total
<b>OPERATING INCOME/EXPENSE</b>							
<b>30 June 2019</b>							
<b>Interest Income</b>	<b>6.969.303</b>	<b>13.660.579</b>	<b>3.906.599</b>	<b>10.067.725</b>	-	<b>301.423</b>	<b>34.905.629</b>
Interest Income from Loans	6.969.303	13.660.579	3.906.599	2.695.158	-	-	27.231.639
Interest Income from Banks	-	-	-	394.989	-	-	394.989
Interest Income from Securities	-	-	-	6.654.597	-	-	6.654.597
Other Interest Income	-	-	-	322.981	-	301.423	624.404
<b>Interest Expense</b>	<b>9.882.421</b>	<b>3.950.362</b>	-	<b>8.517.743</b>	-	<b>207.278</b>	<b>22.557.804</b>
Interest Expense on Deposits	9.882.421	3.950.362	-	1.556.571	-	-	15.389.354
Interest Expense on Funds Borrowed	-	-	-	877.581	-	-	877.581
Interest Expense on Money Market Transactions	-	-	-	5.234.392	-	-	5.234.392
Interest Expense on Securities Issued	-	-	-	849.199	-	-	849.199
Other Interest Expense	-	-	-	-	-	207.278	207.278
<b>Net Interest Income/Expense</b>	<b>(2.913.118)</b>	<b>9.710.217</b>	<b>3.906.599</b>	<b>1.549.982</b>	-	<b>94.145</b>	<b>12.347.825</b>
<b>Net Fees and Commission</b>							
<b>Income/Expense</b>	<b>1.418.591</b>	<b>1.072.501</b>	<b>56.197</b>	<b>(817.746)</b>	-	<b>(105.066)</b>	<b>1.624.477</b>
Fees and Commissions Received	1.418.659	1.080.409	56.197	7.192	-	234.806	2.797.263
Fees and Commissions Paid	68	7.908	-	824.938	-	339.872	1.172.786
<b>Dividend Income</b>	-	-	-	<b>1.055.486</b>	<b>(1.045.372)</b>	-	<b>10.114</b>
<b>Trading Profit/Loss (Net)</b>	-	-	-	<b>(4.456.721)</b>	-	<b>(11.430)</b>	<b>(4.468.151)</b>
<b>Other Operating Income</b>	<b>58.555</b>	<b>219.945</b>	<b>15.019</b>	<b>2.975</b>	-	<b>1.949.728</b>	<b>2.246.222</b>
<b>Provision for Expected Loss (-)</b>	<b>504.197</b>	<b>1.460.248</b>	<b>306.758</b>	-	-	<b>55.640</b>	<b>2.326.843</b>
<b>Other Provision Expense</b>	<b>1.341</b>	<b>5.957</b>	-	<b>728</b>	-	<b>15.555</b>	<b>23.581</b>
<b>Personnel Expense (-)</b>	-	-	-	-	-	<b>1.941.856</b>	<b>1.941.856</b>
<b>Other Operating Expense</b>	<b>1.005.935</b>	<b>30.686</b>	<b>31.097</b>	-	-	<b>2.750.365</b>	<b>3.818.083</b>
<b>Net Operating Profit/Loss</b>	<b>(2.947.445)</b>	<b>9.505.772</b>	<b>3.639.960</b>	<b>(2.666.752)</b>	<b>(1.045.372)</b>	<b>(2.836.039)</b>	<b>3.650.124</b>
<b>Profit/Loss on Equity Method</b>							
<b>Applied Subsidiaries</b>	-	-	-	-	<b>28.380</b>	<b>(8.398)</b>	<b>19.982</b>
<b>Tax Provision</b>	-	-	-	-	-	<b>(825.363)</b>	<b>(825.363)</b>
<b>Net Profit/Loss</b>	<b>(2.947.445)</b>	<b>9.505.772</b>	<b>3.639.960</b>	<b>(2.666.752)</b>	<b>(1.016.992)</b>	<b>(3.669.800)</b>	<b>2.844.743</b>
<b>SEGMENT ASSETS</b>							
<b>31 December 2019</b>							
Financial Assets at FV Through P/L	-	-	-	2.077.124	-	-	2.077.124
Banks and Receivables from Money Markets	-	-	-	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 Entities under Common Control	-	-	-	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
<b>TOTAL SEGMENT ASSETS</b>	<b>120.940.047</b>	<b>260.987.428</b>	<b>70.558.929</b>	<b>223.608.815</b>	<b>(7.396.665)</b>	<b>25.022.671</b>	<b>693.721.225</b>
<b>SEGMENT LIABILITIES</b>							
<b>31 December 2019</b>							
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 Borrowings	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
<b>TOTAL SEGMENT LIABILITIES</b>	<b>338.853.315</b>	<b>121.255.220</b>	-	<b>106.063.481</b>	<b>(7.412.810)</b>	<b>134.962.019</b>	<b>693.721.225</b>

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**SECTION FIVE**

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

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

**1. Information related to cash equivalents and the account of the Central Bank of the Republic of Turkey (the “CBRT”)**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	1.658.500	3.155.267	2.096.092	2.744.823
Central Bank of the Republic of Turkey	2.838.014	39.859.624	851.533	47.135.173
Other	1.067	458.474	-	2.984.645
<b>Total</b>	<b>4.497.581</b>	<b>43.473.365</b>	<b>2.947.625</b>	<b>52.864.641</b>

*Explanation on reserve requirements*

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 Communiqué. 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, 8%-19% for FX deposits and 0%-21% for other FC liabilities.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	2.725.497	16.435.973	740.936	15.680.921
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	3.112	-	-
Other <sup>(1)</sup>	112.517	23.420.539	110.597	31.454.252
<b>Total</b>	<b>2.838.014</b>	<b>39.859.624</b>	<b>851.533</b>	<b>47.135.173</b>

(1) Includes required reserves and CBRT restricted electronic money funds amounting to TL2.901. Required reserve of branches abroad amounting to TL 191.156 is presented in this line. TL 3.185.997 of the current period’s FC required reserve is the part of the TL required reserves that are held in FC (31 December 2019: 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).

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2020**

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

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Assets Subject to Repurchase Agreements	-	-
Assets Blocked/Given as Collateral	11.300.893	-
<b>Total</b>	<b>11.300.893</b>	-

**3. Positive Differences Statement Regarding Trading Derivative Financial Assets**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Forward Transactions	192.568	2.905	156.574	25.329
Swap Transactions	1.928.649	1.551.608	1.139.190	1.473.623
Futures Transactions	-	-	-	-
Options	-	-	-	21
Other	-	-	-	-
<b>Total</b>	<b>2.121.217</b>	<b>1.554.513</b>	<b>1.295.764</b>	<b>1.498.973</b>

**4. Information on Bank Account and Foreign Banks**

**4.1. Information on Bank Balances**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Banks				
Domestic	4.649	192.844	3.318	196.788
Foreign	48.113	4.244.172	127.754	7.055.025
Foreign Head Office and Branches	-	-	-	-
<b>Total</b>	<b>52.762</b>	<b>4.437.016</b>	<b>131.072</b>	<b>7.251.813</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Assets Subject to Repurchase Agreements	40.802.242	50.621.551
Assets Blocked/Given as Collateral	36.059.434	30.621.149
<b>Total</b>	<b>76.861.676</b>	<b>81.242.700</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Debt Securities	138.997.043	114.912.189
Quoted at Stock Exchange	137.809.914	114.349.056
Unquoted at Stock Exchange	1.187.129	563.133
Share Certificates	659.540	564.533
Quoted at Stock Exchange	444.401	376.658
Unquoted at Stock Exchange	215.139	187.875
Provision for Impairment (-)	3.327.027	2.133.452
<b>Total</b>	<b>136.329.556</b>	<b>113.343.270</b>

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

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

**7. Information Related to Loans**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Direct Loans Granted to Shareholders</b>	-	-	-	-
Granted loans to Legal Entity Partners	-	-	-	-
Granted loans to Individual Partners	-	-	-	-
<b>Indirect Loans Granted to Shareholders</b>	-	-	-	-
<b>Loans Granted to Employees <sup>(1) (2)</sup></b>	595.865	-	485.525	-
<b>Total</b>	<b>595.865</b>	<b>-</b>	<b>485.525</b>	<b>-</b>

(1) Interest rediscount and interest accrual amounting TL 4.101, are not included (31 December 2019: Interest rediscount and interest accrual amounting TL 4.330 are not included).

(2) Since the balance of overdraft accounts related to employees amounting TL 9.816, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above. (31 December 2019: 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.)

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

Current Period	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled	Refinancing
Cash Loans			Loans with revised contract terms	
Non-Specialized Loans	467.627.041	17.574.686	13.484.048	-
Commercial Loans	285.948.022	7.322.598	13.289.700	-
Export Loans	6.855.235	781.158	-	-
Import Loans	93.353	-	-	-
Loans Given to Financial Sector	6.077.117	7.849.447	-	-
Consumer Loans	147.500.630	1.306.566	189.064	-
Credit Cards	11.873.781	224.100	2.823	-
Other	9.278.903	90.817	2.461	-
Specialized Loans <sup>(1) (2)</sup>	71.179.133	1.822.549	1.258.013	-
Other Receivables	-	-	-	-
Interest Income Accruals	10.754.304	3.192.689	652.746	-
<b>Total</b>	<b>549.560.478</b>	<b>22.589.924</b>	<b>15.394.807</b>	<b>-</b>

(1) Funds are originated agricultural loans are shown in specialized lendings.

(2) Agricultural loans to support farmers are shown in specialized lendings.

Prior Period	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled	Refinancing
Cash Loans			Loans with revised contract terms	
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 Loans <sup>(1) (2)</sup>	63.022.874	2.283.220	898.711	-
Other Receivables	-	-	-	-
Interest Income Accruals	8.922.676	2.715.192	520.358	-
<b>Total</b>	<b>435.042.851</b>	<b>22.833.812</b>	<b>8.550.797</b>	<b>-</b>

(1) Funds are originated agricultural loans are shown in specialized lendings.

(2) Agricultural loans to support farmers are shown in specialized lendings.

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

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

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

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

**7.2 Information on the First and Second Group Loans and Other Receivables Including Restructured or Rescheduled Loans (Continued)**

Expected Credit Loss of Stage 1 and Stage 2	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	2.390.822	-	1.484.228	-
Significant Increase in Credit Risk	-	5.637.648	-	3.475.535

**7.3. Information on consumer loans, personal credit cards, personnel loans and personnel credit cards**

Current Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	785.433	145.302.730	146.088.163
Mortgage Loans <sup>(2)</sup>	8.757	80.503.080	80.511.837
Automotive Loans	6.838	807.835	814.673
Consumer Loans <sup>(2)</sup>	769.838	63.991.815	64.761.653
Other	-	-	-
Consumer Loans- Indexed to FC	290	281.933	282.223
Mortgage Loans	-	36.019	36.019
Automotive Loans	-	1.495	1.495
Consumer Loans	-	227.401	227.401
Other	290	17.018	17.308
Consumer Loans-FC	17.881	718.270	736.151
Mortgage Loans	497	124.093	124.590
Automotive Loans	-	8.025	8.025
Consumer Loans	2.267	549.335	551.602
Other	15.117	36.817	51.934
Consumer Credit Cards-TL	6.670.709	190.185	6.860.894
With Installment	2.008.973	180.302	2.189.275
Without Installment	4.661.736	9.883	4.671.619
Consumer Credit Cards-FC	47.284	16	47.300
With Installment	-	-	-
Without Installment	47.284	16	47.300
Personnel Loans-TL	18.886	406.835	425.721
Mortgage Loans	-	80	80
Automotive Loans	-	110	110
Consumer Loans	18.886	406.645	425.531
Other	-	-	-
Personnel Loans-Indexed to FC	51	15.908	15.959
Mortgage Loans	-	4.490	4.490
Automotive Loans	-	-	-
Consumer Loans	51	11.418	11.469
Other	-	-	-
Personnel Loans-FC	514	18.081	18.595
Mortgage Loans	-	5.848	5.848
Automotive Loans	-	379	379
Consumer Loans	463	9.608	10.071
Other	51	2.246	2.297
Personnel Credit Cards-TL	127.692	6.649	134.341
With Installment	49.156	6.465	55.621
Without Installment	78.536	184	78.720
Personnel Credit Cards-FC	1.249	-	1.249
With Installment	-	-	-
Without Installment	1.249	-	1.249
Credit Deposit Account-TL (Real Person)	1.429.448	-	1.429.448
Credit Deposit Account-FC (Real Person)	-	-	-
<b>Total <sup>(1)</sup></b>	<b>9.099.437</b>	<b>146.940.607</b>	<b>156.040.044</b>

<sup>(1)</sup> TL 928.952 of interest income rediscount and accrual is not included.

<sup>(2)</sup> Funds originated consumer loans amounting to TL 3.906.499 are included.

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

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

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

**7.3. Information on consumer loans, personal credit cards, personnel loans and personnel credit cards (Continued)**

<b>Prior Period</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
Consumer Loans-TL	<b>1.129.293</b>	<b>108.555.639</b>	<b>109.684.932</b>
Mortgage Loans <sup>(2)</sup>	17.171	66.746.547	66.763.718
Automotive Loans	9.468	484.696	494.164
Consumer Loans <sup>(2)</sup>	1.102.654	41.324.396	42.427.050
Other	-	-	-
Consumer Loans- Indexed to FC	-	<b>187.594</b>	<b>187.594</b>
Mortgage Loans	-	22.540	22.540
Automotive Loans	-	10	10
Consumer Loans	-	79.630	79.630
Other	-	85.414	85.414
Consumer Loans-FC	<b>7.363</b>	<b>665.150</b>	<b>672.513</b>
Mortgage Loans	181	79.052	79.233
Automotive Loans	-	1.057	1.057
Consumer Loans	1.904	296.775	298.679
Other	5.278	288.266	293.544
Consumer Credit Cards-TL	<b>7.013.410</b>	<b>189.176</b>	<b>7.202.586</b>
With Installment	2.484.024	181.398	2.665.422
Without Installment	4.529.386	7.778	4.537.164
Consumer Credit Cards-FC	<b>41.943</b>	-	<b>41.943</b>
With Installment	41.181	-	41.181
Without Installment	762	-	762
Personnel Loans-TL	<b>21.572</b>	<b>278.144</b>	<b>299.716</b>
Mortgage Loans	-	228	228
Automotive Loans	-	92	92
Consumer Loans	21.572	277.143	298.715
Other	-	681	681
Personnel Loans-Indexed to FC	-	<b>11.530</b>	<b>11.530</b>
Mortgage Loans	-	3.650	3.650
Automotive Loans	-	-	-
Consumer Loans	-	2.461	2.461
Other	-	5.419	5.419
Personnel Loans-FC	<b>178</b>	<b>17.387</b>	<b>17.565</b>
Mortgage Loans	-	4.260	4.260
Automotive Loans	-	-	-
Consumer Loans	175	5.554	5.729
Other	3	7.573	7.576
Personnel Credit Cards-TL	<b>148.749</b>	<b>6.658</b>	<b>155.407</b>
With Installment	56.923	6.508	63.431
Without Installment	91.826	150	91.976
Personnel Credit Cards-FC	<b>1.307</b>	-	<b>1.307</b>
With Installment	1.256	-	1.256
Without Installment	51	-	51
Credit Deposit Account-TL (Real Person)	<b>1.718.010</b>	-	<b>1.718.010</b>
Credit Deposit Account-FC (Real Person)	<b>59</b>	-	<b>59</b>
<b>Total <sup>(1)</sup></b>	<b>10.081.884</b>	<b>109.911.278</b>	<b>119.993.162</b>

(1) TL 929.464 of interest income accrual is not included.

(2) Funds originated consumer loans amounting to TL 3.908.975 of are included.

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

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

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

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

<b>Current Period</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
Commercial Installment Loans- TL	2.807.934	107.112.693	109.920.627
Mortgage Loans	2.820	1.069.554	1.072.374
Automotive Loans	71.721	1.517.003	1.588.724
Consumer Loans	2.733.393	104.526.136	107.259.529
Other	-	-	-
Commercial Installement Loans- FC Indexed	219.465	210.942	430.407
Mortgage Loans	-	-	-
Automotive Loans	-	5.544	5.544
Consumer Loans	-	-	-
Other	219.465	205.398	424.863
Commercial Installment Loans- FC	897.457	31.655.857	32.553.314
Mortgage Loans	16.761	156.948	173.709
Automotive Loans	161	36.150	36.311
Consumer Loans	125.882	30.556.007	30.681.889
Other	754.653	906.752	1.661.405
Corporate Credit Cards- TL	5.005.632	49.970	5.055.602
With Installment	2.001.669	49.958	2.051.627
Without Installment	3.003.963	12	3.003.975
Corporate Credit Cards- FC	1.318	-	1.318
With Installment	-	-	-
Without Installment	1.318	-	1.318
Overdraft Account-TL (Legal Entity)	584.641	-	584.641
Overdraft Account-FC (Legal Entity)	25.747	11.897	37.644
<b>Total <sup>(1)</sup></b>	<b>9.542.194</b>	<b>139.041.359</b>	<b>148.583.553</b>

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

<b>Prior Period</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
Commercial Installment Loans- TL	1.866.168	50.654.394	52.520.562
Mortgage Loans	39.864	1.007.014	1.046.878
Automotive Loans	100.385	1.364.032	1.464.417
Consumer Loans	1.725.919	48.283.348	50.009.267
Other	-	-	-
F Commercial Installement Loans- FC Indexed	428.933	889.942	1.318.875
Mortgage Loans	414.390	796.389	1.210.779
Automotive Loans	-	25.946	25.946
Consumer Loans	-	-	-
Other	14.543	67.607	82.150
Commercial Installment Loans- FC	227.442	31.157.845	31.385.287
Mortgage Loans	-	40.163	40.163
Automotive 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)	-	-	-
<b>Total <sup>(1)</sup></b>	<b>7.212.647</b>	<b>82.734.335</b>	<b>89.946.982</b>

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

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

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Domestic Loans	553.258.233	438.050.832
Foreign Loans	19.687.237	16.218.402
Interest Income Accruals of Loans	14.599.739	12.158.226
<b>Total</b>	<b>587.545.209</b>	<b>466.427.460</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Direct loans granted to subsidiaries and associates	159.020	115.055
Indirect loans granted to subsidiaries and associates	-	-
<b>Total</b>	<b>159.020</b>	<b>115.055</b>

**7.7. Credit-Impaired Losses (Stage III / Specific Provision)**

	<b>Current Period</b>	<b>Prior Period</b>
Loans and other receivables with limited collectability	879.361	1.037.244
Loans and other receivables with doubtful collectability	1.939.536	1.596.085
Uncollectible loans and other receivables	8.144.933	6.569.199
<b>Total</b>	<b>10.963.830</b>	<b>9.202.528</b>

**7.8. Information on Non-Performing Loans (Net)**

**7.8.1. Information on Non-Performing Loans Restructured or Rescheduled and Other Receivables**

	<b>Group III Loans and receivables with limited collectability</b>	<b>Group IV Loans and receivables with doubtful collectability</b>	<b>Group V Uncollectible loans and receivables</b>
<b>Current Period</b>			
Gross amounts before the provisions	77.032	471.698	439.905
Rescheduled Loans	77.032	471.698	439.905
<b>Prior Period</b>			
Gross amounts before the provisions	234.691	200.185	263.237
Rescheduled Loans	234.691	200.185	263.237

**7.8.2. Information on The Movement of Total Non-Performing Loans**

	<b>Group III Loans and receivables with limited collectability</b>	<b>Group IV Loans and receivables with doubtful collectability</b>	<b>Group V Uncollectible loans and receivables</b>
<b>Prior Period Ending Balance</b>	<b>2.958.436</b>	<b>3.390.090</b>	<b>8.182.904</b>
Additions (+)	1.295.648	276.121	468.403
Transfers from Other Categories of Non-Performing Loans (+)	-	2.575.910	2.197.881
Transfers to Other Categories of Non-Performing Loans (-)	2.575.910	2.197.881	-
Collections (-) <sup>(1)</sup>	216.172	346.959	526.241
Write-offs (-)	-	-	-
Sold Portfolio	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Balance at the End of the Period</b>	<b>1.462.002</b>	<b>3.697.281</b>	<b>10.322.947</b>
Provision (-)	879.361	1.939.536	8.144.933
<b>Net Balance at Balance Sheet</b>	<b>582.641</b>	<b>1.757.745</b>	<b>2.178.014</b>

<sup>(1)</sup> Includes transfers to the first and second group loans amounting to TL 120.126.

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

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

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

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

	<b>Group III</b> <b>Loans and other</b> <b>receivables with limited</b> <b>collectability</b>	<b>Group IV</b> <b>Loans and</b> <b>receivables with</b> <b>doubtful</b> <b>collectability</b>	<b>Group V</b> <b>Uncollectible</b> <b>loans and other</b> <b>receivables</b>
<b>Current Period</b>			
<b>Balance at the End of the Period</b>	<b>1.335.388</b>	<b>53.422</b>	<b>182.012</b>
Provision (-)	840.782	47.733	121.155
<b>Net Balance on Balance Sheet</b>	<b>494.606</b>	<b>5.689</b>	<b>60.857</b>
<b>Prior Period</b>			
<b>Balance at the End of the Period</b>	<b>981.661</b>	<b>36.786</b>	<b>176.860</b>
Provision (-)	351.548	27.662	118.767
<b>Net Balance on Balance Sheet</b>	<b>630.113</b>	<b>9.124</b>	<b>58.093</b>

**7.8.4. Breakdown of Non-Performing Loans According to Their Gross and Net Values**

	<b>Group III</b> <b>Loans and other</b> <b>receivables with</b> <b>limited</b> <b>collectability</b>	<b>Group IV</b> <b>Loans and other</b> <b>receivables with</b> <b>doubtful</b> <b>collectability</b>	<b>Group V</b> <b>Uncollectible</b> <b>loans and other</b> <b>receivables</b>
<b>Current Period (Net)</b>			
<b>Loans to Real Persons and Legal Entities (Gross)</b>	<b>1.462.002</b>	<b>3.697.281</b>	<b>10.174.806</b>
Provisions (-)	879.361	1.939.536	7.996.792
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>582.641</b>	<b>1.757.745</b>	<b>2.178.014</b>
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	148.141
Provisions (-)	-	-	148.141
Other Loans and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>1.921.192</b>	<b>1.794.005</b>	<b>1.613.705</b>
<b>Loans to Real Persons and Legal Entities (Gross)</b>	<b>2.958.436</b>	<b>3.390.090</b>	<b>8.036.937</b>
Provisions (-)	1.037.244	1.596.085	6.423.232
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>1.921.192</b>	<b>1.794.005</b>	<b>1.613.705</b>
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	145.967
Provisions (-)	-	-	145.967
Other Loans and Receivables (Net)	-	-	-

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

	<b>Group III</b> <b>Loans and other</b> <b>receivables with</b> <b>limited</b> <b>collectability</b>	<b>Group IV</b> <b>Loans and other</b> <b>receivables with</b> <b>doubtful</b> <b>collectability</b>	<b>Group V</b> <b>Uncollectible</b> <b>loans and other</b> <b>receivables</b>
<b>Current Period (Net)</b>			
<b>Interest Accruals and Valuation Differences</b>	<b>29.634</b>	<b>111.281</b>	<b>121.390</b>
Provisions (-)	62.634	330.794	566.825
<b>Current Period (Net)</b>	<b>33.000</b>	<b>219.513</b>	<b>445.435</b>
<b>Interest Accruals and Valuation Differences</b>	<b>118.907</b>	<b>141.858</b>	<b>66.952</b>
Provisions (-)	176.670	304.558	247.365
<b>Current Period (Net)</b>	<b>57.763</b>	<b>162.700</b>	<b>180.413</b>

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

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

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

**8.1. Information on Financial Subject to Repurchase Agreements and those Given as Collateral/Blocked**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Debt	2.214.951	2.580.620	1.989.088	2.104.824
Treasury Bonds	-	-	-	-
Other Government Debts	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>2.214.951</b>	<b>2.580.620</b>	<b>1.989.088</b>	<b>2.104.824</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	-	-	-	-
Bonds and Similar Investment Securities	2.031.373	11.952.441	2.021.297	10.404.413
Other	-	-	-	-
<b>Total</b>	<b>2.031.373</b>	<b>11.952.441</b>	<b>2.021.297</b>	<b>10.404.413</b>

**8.2. Information on Government Debt Securities**

	Current Period	Prior Period
Government Debt	26.195.581	17.449.581
Treasury Bills	-	-
Other Public Sector Debt Securities	703.686	685.961
<b>Total</b>	<b>26.899.267</b>	<b>18.059.962</b>

**8.3 Information on Financial Assets Measured at Amortised Cost**

	Current Period	Prior Period
Debt Securities	26.987.074	18.171.734
Quoted at Stock Exchange	26.145.543	17.485.773
Unquoted at Stock Exchange	841.531	685.961
Impairment (-)	145	119
<b>Total</b>	<b>26.986.929</b>	<b>18.171.615</b>

**8.4 The Movement of Financial Assets at Amortised Costs**

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>18.171.615</b>	<b>10.282.545</b>
Foreign Currency Differences on Monetary Assets	2.053.298	573.347
Purchases During the Year <sup>(1)</sup>	7.539.794	11.191.088
Disposals through Sales and Redemptions	(777.633)	(3.875.246)
Impairment Provision (-)	145	119
<b>Balance at the End of the Period</b>	<b>26.986.929</b>	<b>18.171.615</b>

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

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

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

**9.1. Information on Unconsolidated Associates**

	Title	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	-	8,81
2	Kredi Kayıt Bürosu A.Ş.	Istanbul/Turkey	10,00	9,09
3	Platform Ortak Karlı Sistemler A.Ş.	Istanbul/Turkey	33,33	20,00
4	Bileşim Alternatif Dağıtım Kan. A.Ş.	Istanbul/Turkey	33,33	33,34

	Total Assets <sup>(2)</sup>	Shareholders' Equity <sup>(2)</sup>	Total Non- Current Assets <sup>(2)(3)</sup>	Interest Income <sup>(2)</sup>	Income from Marketable Securities <sup>(2)</sup>	Current Period Profit / Loss <sup>(2)</sup>	Prior Period Profit / Loss <sup>(2)</sup>	Fair Value <sup>(1)</sup>
1	166.191	201.657	79.852	2.991	-	19.616	17.418	-
2	332.199	204.594	198.512	1.993	-	32.344	16.401	-
3	5.250	5.250	-	-	-	-	-	-
4	75.688	47.168	18.254	1.069	-	1.488	8.513	-

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

<sup>(2)</sup> Current period information of associates has been provided from unreviewed financial statements as of 30 June 2020. Prior period profit/loss information of associates has been provided from reviewed financial statements as of 30 June 2019.

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

**9.2. Information on Consolidated Associates**

	Title	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	22,22	15,43

	Total Assets <sup>(2)</sup>	Shareholders' Equity <sup>(2)</sup>	Total Non- Current Assets <sup>(2)</sup>	Interest Income <sup>(2)</sup>	Income from Marketable Securities <sup>(2)</sup>	Current Period Profit / Loss <sup>(2)</sup>	Prior Period Profit / Loss <sup>(2)</sup>	Fair Value <sup>(1)</sup>
1	5.296.362	1.095.178	145.477	81.326	36.649	42.639	109.529	-

<sup>(1)</sup> There is no fair value of Arap Türk Bankası A.Ş. due to the fact that associates are not traded in the stock exchange

<sup>(2)</sup> Current period information of Arap Türk Bankası A.Ş. has been provided from unaudited financial statements as of 30 June 2020. Prior period profit/loss information of associates has been provided from audited financial statements as of 30 June 2019.

**9.3. Information on Financial Associates**

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>162.465</b>	<b>133.745</b>
<b>Movement During the Period</b>	<b>6.521</b>	<b>28.720</b>
Additions	-	-
Bonus Share Certificates	-	-
Dividends from Current Year Income	6.579	25.680
Transfer (-)	-	-
Sales/Liquidation	-	-
Revaluation Increase	-	3.040
Revaluation/Impairment	58	-
<b>Balance at the End of the Period</b>	<b>168.986</b>	<b>162.465</b>
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

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

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

**9.4. Sectoral Information on Financial Associates and the Related Carrying Amounts**

	<b>Current Period</b>	<b>Prior Period</b>
Banks	168,986	162,465
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	-	-

**9.5. Subsidiaries Quoted to the Stock Exchange**

None (31 December 2019: None).

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

**10.1. Information on Unconsolidated Subsidiaries**

	<b>Description</b>	<b>Address (City/ Country)</b>	<b>The Parent Bank’s Share Percentage-if different Voting Percentage (%)</b>	<b>The Parent Bank’s Group Share Percentage (%)</b>
1	Ziraat Teknoloji A.Ş.	İstanbul / Turkey	100,00	100,00
2	Onko İlaç Sanayi ve Ticaret A.Ş.	İstanbul / Turkey	66,66	85,00

	<b>Total Assets <sup>(2)</sup></b>	<b>Shareholders’ Equity <sup>(2)</sup></b>	<b>Total Non- Current Assets <sup>(2)</sup></b>	<b>Interest Income <sup>(2)</sup></b>	<b>Income from Marketable Securities <sup>(2)</sup></b>	<b>Current Period Profit / Loss <sup>(2)</sup></b>	<b>Prior Period Profit / Loss <sup>(2)</sup></b>	<b>Fair Value <sup>(1)</sup></b>
1	73.362	12.600	2.820	724	-	(3.259)	(2.715)	-
2	770.973	101.994	386.967	788	-	5.849	952	-

<sup>(1)</sup> There is no fair value due to the fact that subsidiaries are not traded in the stock exchange.

<sup>(2)</sup> Current period information of subsidiaries has been provided from unreviewed financial statements as of 30 June 2020. Prior period profit/loss information of associates has been provided from reviewed financial statements as of 30 June 2019.

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

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

**10.2. Information on Consolidated Subsidiaries**

Financial subsidiaries of the Parent Bank are recorded at fair value in the unconsolidated financial statements within the scope of "Separate Financial Statements Turkey Accounting Standard 27 (TAS 27)" according to TFRS 9 Financial Instruments Standard. Fair values were determined with the valuation reports prepared for these subsidiaries and were accounted under equity as of the valuation date.

	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	99,91
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

	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	527.742	229.296	4.300	23.652	-	115.610	40.592	-	-
2	113.628	102.276	3.584	4.254	-	30.632	15.001	-	-
3	39.785.465	3.249.289	282.064	815.697	86.199	113.567	104.261	3.277.972	-
4	2.922.538	1.834.094	2.230.714	1.679	-	22.411	17.504	1.837.547	-
5	882.722	880.864	1.331	14.680	-	12.040	73.528	881.798	-
6	9.371.373	1.904.188	25.310	146.456	1.012	16.766	71.767	1.437.456	-
7	3.891.742	251.900	45.584	52.439	-	4.015	4.018	235.663	-
8	819.409	313.002	12.575	34.345	285	16.817	12.845	268.876	-
9	1.609.565	529.165	28.886	61.122	-	28.771	14.518	435.713	-
10	1.087.028	275.584	81.839	31.259	999	(6.211)	4.871	228.372	-
11	596.182	128.820	9.247	12.129	694	1.848	227	98.535	-
12	285.232	123.290	15.052	5.767	1.745	(450)	4.221	113.798	-
13	570.709	203.748	15.199	24.304	-	18.269	24.976	138.316	-

(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 31 March 2020, the prior period profit/loss balances have been provided from limited reviewed financial statements as of 31 March 2019. Information on other subsidiaries shown in the table above has been provided from limited reviewed financial statements as of 30 June 2020, the prior period profit/loss balances have been provided from limited reviewed financial statements as of 30 June 2019.

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

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

**10.2. Information on Consolidated Subsidiaries (Continued)**

*(Reflects the values of the Parent Bank)*

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance at the Beginning of the Period</b>	<b>7.335.025</b>	<b>7.394.408</b>
<b>Movements During the Period</b>	<b>1.725.153</b>	<b>(59.383)</b>
Additions to Scope of Consolidation	-	-
Purchases <sup>(1)</sup>	-	106.806
Bonus Shares Obtained	-	2.065
Dividends from current year income	-	-
Sales	-	-
Revaluation Increase <sup>(2)</sup>	2.397.344	325.990
Impairment Provision (-)	672.191	364.273
Transfer (-)	-	129.971
<b>Balance at the End of the Period</b>	<b>9.060.178</b>	<b>7.335.025</b>
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

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

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

<sup>(3)</sup> Non-financial subsidiaries are not included.

**10.3. Sectoral Information on Subsidiaries and the Related Carrying Amounts**

*(Reflects the values of the Parent Bank)*

	<b>Current Period</b>	<b>Prior Period</b>
Banks	6.234.702	5.178.895
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	2.825.476	2.156.130

**10.4. Subsidiaries Quoted to the Stock Exchange**

None (31 December 2019: None).

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

Investments of the Parent Bank regarding operating abroad entities under common control are monitored at fair value in the unconsolidated financial statements within the scope of "Separate Financial Statements Turkey Accounting Standard 27 (TAS 27)" according to TFRS 9 Financial Instruments Standard. Fair values were determined with the valuation reports prepared for these joint ventures and were accounted under equity as of the valuation date.

<b>Entities under Common Control (Joint Ventures) <sup>(1)</sup></b>	<b>Parent Bank's Share (%)</b>	<b>Group's Share (%)</b>	<b>Current Assets</b>	<b>Non- Current Assets</b>	<b>Long Term Liabilities</b>	<b>Income</b>	<b>Expense</b>
Turkmen Turkish Joint Stock Commercial Bank	50,00	50,00	6.119.031	16.571	7.843	70.922	31.703

<sup>(1)</sup> Information on entity under joint control is provided from the unaudited financial statements as of 30 June 2020.

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

**12. Information on Lease Receivables**

Information on receivables from financial leasing transactions

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	83.693	82.599	71.065	70.080
1-5 Years	3.872.255	3.339.725	3.623.740	3.100.581
More than 5 Years	882.162	634.152	860.343	498.090
<b>Total</b>	<b>4.838.110</b>	<b>4.056.476</b>	<b>4.555.148</b>	<b>3.668.751</b>

**13. Information on the Hedging Derivative Financial Assets**

The Group has no hedging derivative financial assets.

**14. Information on the Investment Property**

None.

**15. Information on non-currents assets or disposal groups "held for sale" and "from discontinued operations"**

The Group does not have any discontinued 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 6.172.882 (31 December 2019: TL 4.753.593) consisting of TL 15.847 (31 December 2019 TL: 18.767) due to consumer loans, TL 6.012.455 (31 December 2019: TL 4.584.056) on its commercial loans and TL 144.580 (31 December 2019: TL 150.770) on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL 1.367 (31 December 2019: TL 2.390)

It belongs to the Bank and Ziraat Sigorta A.Ş. with shares representing 99,97% of its capital, Ziraat Hayat ve Emeklilik A.Ş. In order to transfer the shares representing 99,97% of the capital to TVF Finansal Yatırımlar A.Ş., TVF Finansal Yatırımlar A.Ş. and Ziraat Teknoloji A.Ş., Ziraat Teknoloji A.Ş. ve Ziraat Yatırım Menkul Değerler A.Ş. A share transfer agreement was signed between 22 April 2020 and the share transfers were completed as of the same date.

Accordingly, the amount to be paid to the Parent Bank for Ziraat Sigorta A.Ş. shares is determined as TL 18,63 (full TL) per share, and the total sales price is TL 931.220.550,00 (full TL). The sale price was paid in full by a special government domestic debt bill. Ziraat Hayat ve Emeklilik A.Ş. The price to be paid to the Bank for its shares is determined as TL 23,00 (full TL) per share and the total sales price is TL 1.839.448.000,00 (full TL). The sale price was paid in full by a special category government domestic debt security.

For the transfer of the all ownership of the Group's 100% share of Ziraat Sigorta A.Ş. and Ziraat Hayat ve Emeklilik A.Ş., total sales price is TL 2.771.500.000,00 (full TL). Income and expenses up to the said sale transaction have been subjected to elimination and followed in the consolidated statement of profit or loss, it is shown under "Income from Discontinued Operations" and "Expenses from Discontinued Operations" together with consolidated net sales profit.

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

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

**16. Information on Tangible Assets**

	Immovables	Immovables with Right of Use	Movables	Movables with Right of Use	Operational Leasing Development Costs	Other Tangibles	Total
<b>Prior Period End</b>							
Cost	7.431.539	838.292	1.449.848	154.582	312.609	-	10.186.870
Accumulated Depreciation (-)	971.237	118.561	991.585	49.935	263.207	-	2.394.525
Impairment (-)	3.429	-	618	-	-	-	4.047
<b>Net Book Value</b>	<b>6.456.873</b>	<b>719.731</b>	<b>457.645</b>	<b>104.647</b>	<b>49.402</b>	<b>-</b>	<b>7.788.298</b>
<b>Current Period End</b>							
Net Book Value at the Beginning of the Period	6.456.873	719.731	457.645	104.647	49.402	-	7.788.298
Change During the Period (Net)	123.782	89.707	(18.864)	43.085	(4.837)	-	232.873
- Cost	114.477	131.723	51.348	63.565	7.329	-	368.442
- Depreciation (Net) (-)	(11.187)	42.016	70.212	20.480	12.166	-	133.687
- Impairment (-)	1.882	-	-	-	-	-	1.882
Net Currency Translation from Foreign Subsidiaries	16.907	11.469	(7.021)	4.612	3.240	-	29.207
Cost at Period End	7.562.923	981.484	1.494.175	222.759	323.178	-	10.584.519
Accumulated Depreciation at Period End (-)	960.050	160.577	1.061.797	70.415	275.373	-	2.528.212
Impairment (-)	5.311	-	618	-	-	-	5.929
<b>Closing Net Book Value</b>	<b>6.597.562</b>	<b>820.907</b>	<b>431.760</b>	<b>152.344</b>	<b>47.805</b>	<b>-</b>	<b>8.050.378</b>

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

None.

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

None.

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

	Current Period	Prior Period
Cash and Balances at Central Bank	2.203	1.784
Banks and Money Markets Receivables	4.032	4.884
Financial Assets Measured at Amortized Cost	4.715	2.849
Other	58.501	36.563
<b>Total</b>	<b>69.451</b>	<b>46.080</b>

**20. Information on Other Assets**

As of 30 June 2020, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

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

**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED 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	63.677.185	-	8.084.195	79.937.756	24.077.709	2.248.750	7.386.686	215.872	185.628.153
Foreign Currency Deposits	67.042.345	-	22.425.091	89.135.348	13.432.664	9.956.971	35.786.173	7.173	237.785.765
Residents in Turkey	54.599.878	-	21.367.963	76.095.229	8.161.541	3.903.203	11.243.355	5.495	175.376.664
Residents Abroad	12.442.467	-	1.057.128	13.040.119	5.271.123	6.053.768	24.542.818	1.678	62.409.101
Public Sector Deposits	10.845.264	-	6.988.720	7.727.132	1.073.211	451.689	58.278	-	27.144.294
Commercial Deposits	22.699.123	-	25.287.324	28.614.567	971.217	4.665.135	1.075.391	-	83.312.757
Other Institutions Deposits	2.555.956	-	4.805.059	9.883.574	2.007.048	1.421.316	352.171	-	21.025.124
Precious Metals Deposit	22.614.518	-	413.594	4.184.069	387.828	289.374	244.191	-	28.133.574
Interbank Deposits	2.938.198	-	13.169.111	2.932.328	1.410.351	5.601.102	118.632	-	26.169.722
The CBRT	2.574	-	-	-	-	-	-	-	2.574
Domestic Banks	282.844	-	12.526.465	106.637	148	2.084	67	-	12.918.245
Foreign Banks	2.581.132	-	642.646	2.772.970	1.388.005	5.571.270	118.565	-	13.074.588
Participation Banks	71.648	-	-	52.721	22.198	27.748	-	-	174.315
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>192.372.589</b>	<b>-</b>	<b>81.173.094</b>	<b>222.414.774</b>	<b>43.360.028</b>	<b>24.634.337</b>	<b>45.021.522</b>	<b>223.045</b>	<b>609.199.389</b>

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	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 Deposits	12.812.698	-	14.340.380	18.228.963	968.606	3.254.094	2.072.099	-	51.676.840
Other Institutions Deposits	2.262.330	-	2.228.721	6.252.734	3.733.631	459.868	384.466	-	15.321.750
Precious Metals Deposit	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
The 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	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>130.187.571</b>	<b>-</b>	<b>63.162.118</b>	<b>176.737.477</b>	<b>45.985.267</b>	<b>18.622.148</b>	<b>45.018.276</b>	<b>215.669</b>	<b>479.928.526</b>

**1.2. Information on Saving Deposits Under the Guarantee of the Saving Deposit Insurance Fund and Amounts Exceeding the Limit of the Deposit Insurance Fund**

	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits <sup>(1)</sup>	126.516.603	101.143.825	58.729.936	47.737.037
Foreign Currency Saving Deposits <sup>(1)</sup>	70.901.645	62.267.214	104.764.794	80.692.915
Other Deposits in the form of Saving Deposits	-	-	-	-
Foreign Branches' Deposits under Foreign Authority Insurance <sup>(2)</sup>	1.678.518	1.381.203	326.672	263.633
Off-Shore Banking Regions' 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 308.916 and TL 18.018 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2019: TL 227.092 and TL 16.176).

Based on the Council of Minister's decree dated 29 December 2003 and numbered 2003/6668, TL 530 (31 December 2019: 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 1.513.553 (31 December 2019: 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.

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

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

**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 which are not under the guarantee of saving deposit insurance fund**

	<b>Current Period</b>	<b>Prior Period</b>
Deposits and other Accounts in Branches Abroad	43.532	39.051
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	30.646	21.718
Deposits Obtained through Illegal Acts Defined in the 282 <sup>nd</sup> Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004	-	-
Saving Deposits in Banks Established in Turkey Exclusively for Off-Shore Banking Activities	-	-

**2. Negative Differences Statement Regarding Trading Derivative Financial Assets**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Forward Transactions	185.932	5.326	128.438	7.475
Swap Transactions	813.532	1.955.229	408.117	1.108.163
Futures Transactions	-	-	-	-
Options	-	-	-	8
Other	-	4	-	-
<b>Total</b>	<b>999.464</b>	<b>1.960.559</b>	<b>536.555</b>	<b>1.115.646</b>

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

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	345.803	4.959.686	1.294.374	4.437.534
From Foreign Banks, Institutions and Funds	234.025	27.076.395	373.530	28.152.999
<b>Total</b>	<b>579.828</b>	<b>32.036.081</b>	<b>1.667.904</b>	<b>32.590.533</b>

**3.2. Information on Maturity Structure of Borrowings**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Short-Term	344.749	985.647	1.291.741	1.598.501
Medium and Long-Term	235.079	31.050.434	376.163	30.992.032
<b>Total</b>	<b>579.828</b>	<b>32.036.081</b>	<b>1.667.904</b>	<b>32.590.533</b>

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

**3. Information on borrowings (Continued)**

**3.3. Further Information is Disclosed for the Areas of Group’s Liability Concentrations, Main Liability Concentration Areas Fund Supplier Customers, Sector Groups or other Risk Concentration Criteria**

71,60% of the Group’s total liabilities 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 Money Market Borrowings**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>From Domestic Transactions</b>	<b>32.562.155</b>	<b>-</b>	<b>28.821.018</b>	<b>-</b>
Financial Institutions and Organizations	32.404.527	-	28.198.716	-
Other Institutions and Organizations	142.608	-	615.654	-
Real Person	15.020	-	6.648	-
<b>From Overseas Operations</b>	<b>-</b>	<b>22.593.237</b>	<b>-</b>	<b>20.473.527</b>
Financial Institutions and Organizations	-	22.593.237	-	20.473.527
Other Institutions and Organizations	-	-	-	-
Real Person	-	-	-	-
<b>Total</b>	<b>32.562.155</b>	<b>22.593.237</b>	<b>28.821.018</b>	<b>20.473.527</b>

**5. Information on Securities Issued**

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bills	2.568.931	304.053	2.267.540	279.678
Asset-Backed Securities	3.444.209	-	2.482.999	-
Treasury Bonds	1.010.690	10.962.510	1.010.690	9.552.214
<b>Total</b>	<b>7.023.830</b>	<b>11.266.563</b>	<b>5.761.229</b>	<b>9.831.892</b>

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

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

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

Information on finance lease liabilities represented in the table below

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	35.661	21.626	28.164	16.809
Between 1-4 Years	699.159	374.737	593.973	325.022
More than 4 Years	886.520	539.627	806.579	430.844
<b>Total</b>	<b>1.621.340</b>	<b>935.990</b>	<b>1.428.716</b>	<b>772.675</b>

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

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

**8. Information on the hedging derivative financial liabilities**

There are no hedging derivative financial liabilities.

**9. Information on Provisions**

**9.1 Provisions Related with Principal Foreign Currency Decrease of Foreign Indexed Loans and Finance Leasing Receivables**

There is no foreign exchange loss provisions on foreign currency indexed loans and finance lease receivables (31 December 2019: None).

**9.2. Liabilities on Employee Benefits Provision**

**9.2.1. Termination benefit and Unused Vacation Rights**

The Group accounts for its vacation and termination benefit obligations in accordance with the TAS 19 “Employee Benefits”. The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 30 June 2020, unpaid vacation liability amounted to TL 306.096 and employment termination amounted to TL 1.008.038 are presented under the “Employee Benefits Provision” in the financial statements (31 December 2019: unpaid vacation liability amounted to TL 275.049, and employment termination amounted to TL 1.052.901 are presented under the “Employee Benefits Provision” in the financial statements).

**9.3. Information on Other Provisions**

These financial statements include a free provision amounting to TL 2.920.000 which consist of TL 910.000 provided in prior year and TL 2.010.000 recognized in the current period by the Group management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation. Moreover, the provision of TL 37.000 and other provision of TL 157 exist for cash transfers made by Group officials. Expected credit loss amounting to TL 1.341.275 has been provided for the off-balance sheet items (31 December 2019: these financial statements include a free provision amounting to TL 982.000 which consist of TL 910.000 provided in prior year and TL 50.000 recognized in the current period and TL 122.000 reversed in the current year by the Group management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation. Moreover, the provision of TL 37.000 and other provision of TL 217 exist for cash transfers made by Group officials. Expected credit loss amounting to TL 1.134.125 has been provided for the off-balance sheet items).

Regarding the Group’s lawsuit files, a total amount of TL 64.597 provision has been provided in financial statements for the lawsuits against the Group which are not finalized yet. (31 December 2019: Based on the information provided by the legal department, TL 59.638 provision has been provided in financial statements for the lawsuits against the Group which are not finalized yet.)

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

**10. Explanations on Tax Liability**

**10.1. Explanations on Current Tax Liability**

**10.1.1. Information on Taxes Payable**

As of 30 June 2020, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 2.151.990 (As of 31 December 2019, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 1.034.189).

**10.1.2. Information on Current Taxes Payable**

	<b>Current Period</b>	<b>Prior Period</b>
Corporate Tax Payable	2.151.990	1.034.189
Taxation on Marketable Securities	305.543	358.954
Property Tax	3.602	3.356
Banking Insurance Transaction Tax (BITT)	209.523	262.241
Foreign Exchange Transaction Tax	49.330	7.643
Value Added Tax Payable	18.206	15.377
Other	280.568	142.774
<b>Total</b>	<b>3.018.762</b>	<b>1.824.534</b>

**10.1.3. Information on Premium Payables**

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums – Employee	63	56
Social Security Premiums – Employer	83	76
Bank Social Aid Pension Fund Premium - Employee	44	15.201
Bank Social Aid Pension Fund Premium - Employer	65	22.271
Pension Fund Membership Fees and Provisions - Employee	1	1
Pension Fund Membership Fees and Provisions - Employer	3	1
Unemployment Insurance – Employee	3.304	1.180
Unemployment Insurance - Employer	6.607	2.360
Other	-	-
<b>Total</b>	<b>10.170</b>	<b>41.146</b>

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

The Group has TL 5.571 deferred tax liability (31 December 2019: TL 39.172).

**11. Information on liabilities related to non-current assets “held for sale” and “held from discontinued operations”**

The Group does not have any liabilities related to non-current assets held for sale and held from discontinued operations (31 Aralık 2019: TL 3.061.224).

**12. Information on Subordinated Loan**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Debt instruments to be included in additional capital calculation	-	11.395.865	-	10.103.295
Subordinated loans	-	635.270	-	537.338
Subordinated debt instruments	-	10.760.595	-	9.565.957
Debt instruments to be included in contribution capital calculation	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
<b>Total</b>	<b>-</b>	<b>11.395.865</b>	<b>-</b>	<b>10.103.295</b>

(\*) Subordinated loans are explained in detail in the Note “information about debt instruments included in total capital calculation” in Section Four.

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

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

**13. Information on Shareholders' Equity**

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

	Current Period	Prior Period
Common stock	13.100.000	6.100.000
Preferred stock	-	-

**13.2. Amount of Paid-In-Capital, Explanations as to Whether the Registered Share Capital System is Applied, if so the Amount of Registered Share Capital Ceiling**

The Parent Bank does not have a registered capital system.

**13.3. Capital Increases and Sources in The Current Period and Other Information Based on Increased Capital Shares**

The decision to increase the capital to TL 13.100.000 was approved at the Bank's Ordinary General Assembly Meeting held on 15 May 2020, and the capital increase and the amendment made in the related article of the Articles of Association were registered on 21 May 2020. It was announced in the Trade Registry Gazette No. 10084 dated 27 May 2020. Accounting for the capital increase was made on 21 May 2020 based on the permission from the BRSA.

Increase Date	Increase Amount	Cash	Profit Reserves Subject to Increase	Capital Reserves Subject to Increase
21.05.2020	7.000.000	7.000.000	-	-

**13.4. Other Information on Capital Increases and Increased Share Capital with Reserves within the Current Period**

There is no share capital amount included in capital.

**13.5. Information on Capital Commitments, the Purpose and the Sources Until the End of the Fiscal Year And the "Subsequent Interim Period**

The Parent Bank has no capital commitments.

**13.6. Effects on the Group's Equity of The Anticipation Based on the Financial Figures For Prior Periods Regarding the Group's Income, Profitability and Liquidity, and Uncertainties at These Indicators**

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. Summary Information on Privileges Given to 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 Associates, Subsidiaries, and Entities under Common Control (Joint Ventures)	3.337	(24.631)	88	(2.046)
Valuation Difference	6.346.810	(3.266.528)	3.613.096	(1.160.750)
Foreign Currency Differences	2.262.057	31	2.008.638	14
<b>Total</b>	<b>8.612.204</b>	<b>(3.291.128)</b>	<b>5.621.822</b>	<b>(1.162.782)</b>

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

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

**1. Explanations on Off-Balance Sheet Commitments**

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

	<b>Current Period</b>	<b>Prior Period</b>
Asset Purchase Commitments	13.479.073	13.705.480
Subsidiaries and Associates Capital Contribution Commitments	3.150	7.500
Loan Granting Commitments	14.785.116	11.875.717
Commitments for Cheques Payments	4.381.034	3.852.943
Commitments for Credit Card Expenditure Limits	24.964.698	24.245.305
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	53.318	36.161
Tax and Fund Liabilities from Export Commitments	14.464	11.509
Other Irrevocable Commitments	16.657.493	14.103.945
<b>Total</b>	<b>74.338.346</b>	<b>67.838.560</b>

**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 1.341.275 for possible losses arising from the off-balance sheet items in the current period. (31 December 2019: TL 1.134.125).

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

	<b>Current Period</b>	<b>Prior Period</b>
Letters of Guarantee	114.717.539	101.167.423
Letters of Credit	18.705.129	20.393.036
Bank Acceptances	10.592.229	8.221.510
Endorsements	1.388.337	969.507
Other Guarantees	2.039.572	939.474
Other Collateral	10.265	5.210
<b>Total</b>	<b>147.453.071</b>	<b>131.696.160</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Letters of Certain Guarantees	82.930.088	72.268.479
Letters of Advance Guarantees	18.240.866	15.942.982
Letters of Temporary Guarantees	3.996.258	3.228.559
Letters of Guarantees Given to Customs Offices	1.782.320	1.631.521
Other Letters of Guarantees	7.768.007	8.095.882
<b>Total</b>	<b>114.717.539</b>	<b>101.167.423</b>

**1.3. Explanations on Non-Cash Loans**

**1.3.1. Total Non-Cash Loans**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Non-Cash Loans for Providing Cash Loans</b>	<b>4.627.734</b>	<b>4.038.263</b>
With Original Maturity of One Year or Less	1.595.285	244.688
With Original Maturity of More than One Year	3.032.449	3.793.575
<b>Other Non-Cash Loans</b>	<b>142.825.337</b>	<b>127.657.897</b>
<b>Total</b>	<b>147.453.071</b>	<b>131.696.160</b>

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

**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED PROFIT OR LOSS STATEMENT**

**1. Interest Income**

**1.1. Information on Interest Income from Loans**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Interest on Loans <sup>(1)</sup></b>	<b>22.504.900</b>	<b>4.273.761</b>	<b>22.615.902</b>	<b>4.615.737</b>
Short Term Loans	4.772.654	352.757	7.405.656	456.191
Medium and Long Term Loans	17.273.516	3.918.439	14.782.907	4.145.286
Interest on Loans Under Follow-Up	458.730	2.565	427.339	14.260
Premiums Received from the Resource Utilization Support Fund	-	-	-	-

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

**1.2. Information on interest income on banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
From Central Bank of the Republic of Turkey	-	-	69.648	-
From Domestic Banks	6.082	8.501	264.958	8.305
From Foreign Banks	14.257	27.010	18.566	33.512
From Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>20.339</b>	<b>35.511</b>	<b>353.172</b>	<b>41.817</b>

**1.3. Information on interest income on marketable securities**

	Current Period		Prior Period	
	TL	FC	TL	FC
From Fair Value Through Profit or Loss	76.694	17.607	6.588	3.152
Fair Value Through Other Comprehensive Income	5.136.366	1.259.551	5.105.689	818.096
Financial Assets Measured at Amortized Cost	382.022	392.399	491.967	229.105
<b>Total</b>	<b>5.595.082</b>	<b>1.669.557</b>	<b>5.604.244</b>	<b>1.050.353</b>

**1.4. Information on interest income received from associates and subsidiaries**

	Current Period	Prior Period
Interest Income from Associates and Subsidiaries	5.718	-

**2. Interest Expense**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks <sup>(1)</sup></b>	<b>122.422</b>	<b>496.112</b>	<b>201.742</b>	<b>636.246</b>
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	96.184	80.467	123.040	63.019
Foreign Banks	26.238	415.645	78.702	573.227
From Abroad Headquarters and Branches	-	-	-	-
Other Institutions	48.393	29.747	12.478	27.115
<b>Total</b>	<b>170.815</b>	<b>525.859</b>	<b>214.220</b>	<b>663.361</b>

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

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

**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED PROFIT OR LOSS STATEMENT (Continued)**

**2. Interest Expense (Continued)**

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

	<b>Current Period</b>	<b>Prior Period</b>
Interest Expenses Given to Subsidiaries and Associates	701	1.041

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Interest expense on securities issued	345.614	548.642	432.218	416.981

**2.4. Maturity structure of the interest expense on deposits**

<b>Current Period</b>	<b>Time Deposit</b>						<b>Cumulative Deposit</b>	<b>Total</b>
	<b>Demand Deposit</b>	<b>Up to 1 Month</b>	<b>Up to 3 Months</b>	<b>Up to 6 Months</b>	<b>Up to 1 Year</b>	<b>More Than 1 year</b>		
<b>TL</b>								
Bank Deposit	-	684.369	1.389	-	165	-	-	685.923
Saving Deposit	-	239.879	3.350.574	1.438.383	137.486	576.155	11.320	5.753.797
Public Sector Deposit	248	353.306	222.160	31.833	108.040	3.976	-	719.563
Commercial Deposit	42	717.517	780.949	31.215	257.221	39.529	-	1.826.473
Other Deposit	-	123.957	286.366	101.110	55.757	13.809	-	580.999
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
<b>Total</b>	<b>290</b>	<b>2.119.028</b>	<b>4.641.438</b>	<b>1.602.541</b>	<b>558.669</b>	<b>633.469</b>	<b>11.320</b>	<b>9.566.755</b>
<b>FC</b>								
Foreign Currency Deposit	678	62.501	326.593	38.019	73.834	192.211	4	693.840
Bank Deposit	9	7.750	8.228	3.303	5.539	772	-	25.601
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	1.838	6.211	707	934	698	-	10.388
<b>Total</b>	<b>687</b>	<b>72.089</b>	<b>341.032</b>	<b>42.029</b>	<b>80.307</b>	<b>193.681</b>	<b>4</b>	<b>729.829</b>
<b>Grand Total</b>	<b>977</b>	<b>2.191.117</b>	<b>4.982.470</b>	<b>1.644.570</b>	<b>638.976</b>	<b>827.150</b>	<b>11.324</b>	<b>10.296.584</b>

<b>Prior Period</b>	<b>Time Deposit</b>						<b>Cumulative Deposit</b>	<b>Total</b>
	<b>Demand Deposit</b>	<b>Up to 1 Month</b>	<b>Up to 3 Months</b>	<b>Up to 6 Months</b>	<b>Up to 1 Year</b>	<b>More Than 1 year</b>		
<b>TL</b>								
Bank Deposit	-	1.433.386	4.574	273	268	259	-	1.438.760
Saving Deposit	2.220	239.959	6.698.465	910.619	282.016	430.239	3.527	8.567.045
Public Sector Deposit	296	331.959	385.897	81.816	187.250	11.856	-	999.074
Commercial Deposit	456	602.843	969.898	67.934	348.955	28.970	-	2.019.056
Other Deposit	12	97.198	361.895	306.669	94.794	46.185	-	906.753
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2.984</b>	<b>2.705.345</b>	<b>8.420.729</b>	<b>1.367.311</b>	<b>913.283</b>	<b>517.509</b>	<b>3.527</b>	<b>13.930.688</b>
<b>FC</b>								
Foreign Currency Deposit	520	175.105	718.402	80.367	86.495	269.566	-	1.330.455
Bank Deposit	195	96.115	4.922	10.914	3.197	4.282	-	119.625
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	3.416	4.166	470	222	312	-	8.586
<b>Total</b>	<b>715</b>	<b>274.636</b>	<b>727.490</b>	<b>91.751</b>	<b>89.914</b>	<b>274.160</b>	<b>-</b>	<b>1.458.666</b>
<b>Grand Total</b>	<b>3.699</b>	<b>2.979.981</b>	<b>9.148.219</b>	<b>1.459.062</b>	<b>1.003.197</b>	<b>791.669</b>	<b>3.527</b>	<b>15.389.354</b>

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

**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED PROFIT OR LOSS STATEMENT (Continued)**

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Profit</b>	<b>74.611.409</b>	<b>53.741.122</b>
Trading Gains on Securities	2.723.442	38.105
Gains on Derivative Financial Transactions	4.459.547	2.439.978
Foreign Exchange Gains	67.428.420	51.263.039
<b>Loss (-)</b>	<b>77.354.731</b>	<b>58.209.273</b>
Trading Losses on Securities	7.178	6.808
Losses on Derivative Financial Transactions	7.186.621	7.100.832
Foreign Exchange Losses	70.160.932	51.101.633

**4. Information on Other Operating Income**

Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 1.295.341 and income from sales of assets amounting to TL 97.907 (30 June 2019: significant portion of other operating income consists of reversal from prior period provisions amounting to TL 782.895, and income from sales of assets amounting to TL 43.257, and income from insurance activities amounting to TL 1.323.471).

**5. Expected Credit Loss and Other Provision Expense**

	<b>Current Period</b>	<b>Prior Period</b>
Expected Credit Loss Provision	5.715.733	2.326.843
12 Month Expected Credit Loss (Stage 1)	947.303	213.066
Significant Increase in Credit Risk (Stage 2)	2.426.108	458.028
Non-Performing Loans (Stage 3)	2.342.322	1.655.749
Marketable Securities Impairment Provision	7.404	728
Financial Assets at Fair Value Through Profit or Loss	131	-
Financial Assets at Fair Value Through Other Comprehensive Income	7.273	728
Associates, Subsidiaries and Entities Under Common Control Impairment Provision	-	-
Associates	-	-
Subsidiaries	-	-
Entities Under Common Control	-	-
Other (*)	2.135.383	22.853
<b>Total</b>	<b>7.858.520</b>	<b>2.350.424</b>

(\*) Includes free provision expense amounting to TL 2.010.000 in the current period.(30 June 2019:None).(Note II.9.3 of Section Five)

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

**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED PROFIT OR LOSS STATEMENT (Continued)**

**6. Information Related to Other Operating Expenses**

	<b>Current Period</b>	<b>Prior Period</b>
Provision for Employee Termination Benefits	146.729	90.216
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	225.480	217.424
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	63.968	54.734
Impairment Expense of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Sale	-	-
Depreciation Expenses of Assets Held for Sale	-	-
Impairment Expenses for Non-Current Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	1.963.287	1.374.915
Leasing Expenses on TFRS 16 Exceptions	38.283	66.623
Maintenance Expenses	64.557	54.996
Advertisement Expenses	138.162	121.811
Other Expenses	1.722.285	1.131.485
Loss on Sales of Assets	1.333	8.188
Other <sup>(1)</sup>	1.838.447	2.072.606
<b>Total</b>	<b>4.239.244</b>	<b>3.818.083</b>

<sup>(1)</sup> TL 680.993 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 490.427 consists of taxes, duties and charges expense (30 June 2019: TL 442.812 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 444.426 consists of taxes, duties and charges expense)

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

The Group’s compositions of the profit/loss before tax from the continuing operations are following:

	<b>Current Period</b>	<b>Prior Period</b>
Net Interest Income	19.965.376	12.347.825
Net Fees and Commissions Income	1.251.309	1.624.477
Other Operating Income	1.796.514	2.246.222
Dividend Income	1.487	10.114
Trading Profit/Loss (Net)	(2.743.322)	(4.468.151)
Personnel Expenses (-)	2.690.993	1.941.856
Expected Credit Loss (-)	5.715.733	2.326.843
Other Provision Expenses (-)	2.142.787	23.581
Other Operating Expenses (-)	4.239.244	3.818.083
Profit/Loss from Investments in Subsidiaries Consolidated based on Equity Method	26.189	19.982
<b>Current Period Profit/Loss from Continued Operations</b>	<b>5.508.796</b>	<b>3.670.106</b>

The Group’s compositions of the profit/loss before tax from the discontinued operations are following:

	<b>Current Period</b>	<b>Prior Period</b>
Income from Discontinued Operations	2.473.439	-
Expenses for Discontinued Operations (-)	535.466	-
<b>Profit/Loss Before Tax from Discontinued Operations</b>	<b>1.937.973</b>	<b>-</b>

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

**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED PROFIT OR LOSS STATEMENT (Continued)**

**8. Information on Tax Provision of Continued and Discontinued Operations**

As of 30 June 2020, TL 1.816.228 of the Group's total tax provision expense consists of TL 2.595.846 of current tax expense and TL 779.618 of deferred tax income (As of 30 June 2019, TL 825.363 of the Group's total tax provision expense consists of amounting to TL 940.960 current tax expense while remaining balances amounting to TL 115.597 consists of deferred tax income).

As of 30 June 2020, TL 81.405 of the Group's tax provision expense from discontinued operations consists of TL 78.057 of current tax expense from discontinued operations and TL 3.348 of deferred tax expense from discontinued operations (As of 30 June 2019, the Group does not have any discontinued operations).

**9. Explanation on Current Period Net Profit and Loss of Continued and Discontinued Operations**

The Group's net profit from continued operations is TL 3.692.568 (30 June 2019: TL 2.844.743) and net profit from discontinued operations is TL 1.856.568 (30 June 2019: None).

**10. Explanation on Net Profit/Loss**

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

The Parent Bank mainly utilizes its resources from domestic deposits on loans, securities and interbank operations. Besides, income are obtained by commissions taken from non-cash loans, other banking operations with insurance agencies.

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

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

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

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

**V. EXPLANATIONS AND NOTES RELATED TO RISK GROUP THAT THE GROUP BELONGS TO**

**1. Information on the Volume of Transactions Relating to the Bank's Risk Group, Outstanding Loan and Deposit Transactions and Profit and Loss of the Period**

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
<b>Current Period</b>						
Loans						
Opening Balance	115.055	87.555	-	-	-	-
Closing Balance	159.020	42.310	-	-	-	-
Interest and Commissions Income	5.718	243	-	-	-	-

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

**V. EXPLANATIONS AND NOTES RELATED TO RISK GROUP THAT THE PARENT BANK BELONGS TO (Continued)**

**1. Information on the Volume of Transactions Relating to the Bank’s Risk Group, Outstanding Loan and Deposit Transactions and Profit and Loss of the Period (Continued)**

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	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
<b>Prior Period</b>						
Loans						
Opening Balance	-	45.815	-	-	-	-
Closing Balance	115.055	87.555	-	-	-	-
Interest and Commissions Income <sup>(1)</sup>	-	-	-	-	-	-

<sup>(1)</sup> Prior year balance of Interest and Commission Income shows the amount as of 30 June 2019.

**2. Information on Deposits of 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	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Deposits</b>						
Beginning of the Period	109.004	27.657	-	-	-	-
End of the Period	69.046	109.004	-	-	-	-
Interest Expense on Deposits <sup>(1)</sup>	701	1.041	-	-	-	-

<sup>(1)</sup> Prior year balance of interest expense on Deposit shows the amount as of 30 June 2019.

**3. Information on Forward and Option Agreements and Other Similar Agreements made with the Group’s Risk Group**

None (31 December 2019: None).

**4. Information Regarding Benefits Provided to the Group’s Key Management**

Fees paid to the Group’s key management amount to TL 21.458 (30 June 2019: TL 18.446).

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

None.

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**SECTION SIX**

**EXPLANATIONS ON AUDIT’S REVIEW REPORT**

**I. MATTERS TO BE EXPLAINED ON AUDIT’S REVIEW REPORT**

As of 30 June 2020 and issued for the accounting period ending on the same date consolidated financial statements were reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and Auditors’ Report dated 14 August 2020 is presented preceding the financial statements.

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

None.

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**SECTION SEVEN**

**EXPLANATION ON INTERIM ACTIVITY REPORT**

**I. Assessment of Chairman**

The second quarter of 2020 was a period in which negative economic effects were experienced the most with the spread of the coronavirus epidemic globally and bottom levels were seen in the economies of many countries. However, after the peak levels were seen in the epidemic in many countries, the recovery process was initiated as the economies started to re-open by gradually removing restrictive measures. Especially the simultaneous monetary expansion and wide-scale incentive programs of many countries around the world limited the deterioration in the global economy and supported the recovery process.

Depending on the speed of spread, duration and destruction of the epidemic, differences were observed in the transition process of economies to recovery in regions and countries. In this context, China, which is the starting point of the epidemic, has entered a rapid recovery period in the second quarter with the support of effective public health measures and has reached pre-epidemic levels in many indicators. With the support of the control of the epidemic in the Euro Zone, recovery started. On the other hand, with the increasing number of cases, the economy is expected to contract at a record level in the second quarter, and uncertainties regarding the momentum and power of the recovery in the economy have occurred due to the increasing number of cases.

The U.S. Central Bank's and the European Central Bank's commitment to record record low interest rates, large-scale asset purchase programs, and any additional steps if needed have supported the recovery of the economies of the U.S. and the Eurozone in the epidemic, and the euro's appreciation against major currencies. It has provided. In July, the EU leaders' agreements in the joint incentive package consisting of grants and low interest loans to support the economies of the member countries can contribute positively to the recovery process of the regional economy.

Turkey's economy, the impact of the decline in economic activity in April, the epidemic is concentrated most heavily felt in the second quarter. However, in May, the gradual elimination of restrictions such as quarantine and recovery began with monetary and financial measures taken. Controlling the course of the outbreak with effective public health measures has been an important factor supporting the economic recovery. In addition to the important developments in leading indicators such as purchasing managers and confidence indices, significant increases were observed in production and sales indicators, especially in sales of housing, vehicles and white goods. The recovery on the export side started with an improvement towards the end of the quarter in the global economy. Significant losses occurred in tourism revenues due to travel restrictions applied during the outbreak. Steps taken to lift flight bans with many countries, including Russia, have come to the fore as positive developments that may limit the revenue loss in tourism in the coming period.

The banking sector, which displayed a faster TL loan increase in the first quarter of 2020 compared to the previous year, was observed to have increased the rate of increase in TL loans mainly with the public banks, as the impact of the epidemic was felt in the second quarter. Financing packages announced by public banks and loan support packages for individuals, especially for SMEs, were effective in the rapid loan increase in the 2nd quarter.

Ziraat Bank accelerated even more in the second quarter of the year, when negativities were felt more intensely and provided significant financial support to SMEs and individuals. As in the previous year, financing support was provided in the first half of this year with a selective loan strategy that the economy will contribute more. SMEs having difficulties in accessing finance under current balance, employment, production and favorable conditions were emphasized and loans were extended. Thus, as the leading bank of loans as in other areas of our country, it has been a pioneer in ensuring that resources are the most effective and contributing to the economy. Ziraat Bank will continue to work effectively, continuing to strengthen its financial structure, taking into account the country's balance sheet and its own balance sheet.

**Dr. Ahmet GENÇ**  
**Chairman of the board**

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2020**

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

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

**II. Assessment of General Manager**

The second quarter of 2020 started as a period when the negative effects of the epidemic were felt most intensively, social life came to a halt and economic activity slowed down on a global scale. It is observed that the tight results of the epidemic, the positive results of monetary and financial expansion and recovery signals started to be received towards the end of the quarter. For the rest of the year, although there are still uncertainties about the outbreak, expectations seem to be more positive.

In our country, important steps have been taken in coordination with the measures and decisions taken by the authorities and regulatory institutions in order to pass this troubled period quickly and with minimal damage. In this framework, in order to contribute to the rapid return of the economy, the real sector and individuals to the normal process, the banking sector operated under the leadership of public banks with a sense of duty and responsibility.

Ziraat Bank has been operating as a bank that has been targeting a loan-based growth and financing the real sector for years. In this period, we provided high amount of financing support for SMEs, which are relatively more difficult in accessing finance, but are very important for our economy in terms of production and employment. Taking into account the current balance, production and employment, our financing packages aimed at financing SMEs, increasing employment and domestic production continued in the second quarter; With the Continuing Loan Support Package, we provided a financial support of TL 50 billion in very favorable conditions for our SMEs to continue their business.

In addition, we supported the real sector to continue its activities through practices such as deferment of loan payments, protection of cash flow, and effective operation and configuration of payment systems for 3 months.

During this period, we also provided individuals with substantial financial support. We have implemented a personal support loan package of TL 20 billion within the scope of the Individual Basic Needs Support Loan.

In the support packages for the real sector and individuals, the loans were extended to the base and extended to as many companies and individuals as possible, thus increasing the efficiency of the financing provided.

During this period, we made a promotional payment of TL 2,6 billion to our customers who received their pensions from our Bank.

In the first half of the year, our total loans increased by 25% and reached the level of approximately TL 558 billion. The financing support that we have provided with non-cash loans in total has reached TL 700 billion. The increase in our TL loans was 31%.

With a selective loan policy, we continue to target the efficient use of resources in a way that will contribute the most to our economy. Within the framework of our main mission; we consider it as an important sector. In addition to financing agriculture, we also work with Ministries, institutions, organizations and agricultural organizations to solve the structural problems of the agricultural sector. Increasing domestic production, producing products to reduce imports, increasing the level of agricultural mechanization, increasing productivity and using more technology to contribute to the elimination of the negative effects of food on inflation are the areas we prioritize.

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**EXPLANATION ON INTERIM ACTIVITY REPORT**

**II. Assessment of General Manager (Continued)**

In order to prevent our employees and customers, which we see as our most important asset, from being adversely affected by the epidemic, necessary measures have been taken regarding hygiene and social distance in our branches and headquarters buildings. During the epidemic period, we saw the return of our investments in digital channels that enable our customers to make their transactions without coming to our branch.

In addition to our extensive service network at home and abroad, we continue to meet the financial needs of more companies and individuals in the fastest way and under the most favorable conditions with our digital banking applications. As we grow steadily, we increase our contribution to the growth of our country and our customers. We will continue to be “More than a bank” in the future.

**Hüseyin AYDIN**  
**Member of the Board and CEO**

**III. Corporate Profile**

Ziraat Bank, since its establishment in 1863, Turkey has gained a prominent place among the greatest promoters of all the actors in the economic cycle. Always alongside the farmers, the trader, the businessman, the entrepreneur, the retired and the employee, the Bank has always created value with its activities and has been the driving force of economic development.

Ziraat Bank; has a broad portfolio of domestic and international subsidiaries in banking, 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. In Turkey, serving as the only bank in nearly 400 towns and villages and having the most extensive banking network in the country, Ziraat Bank is a regional power and an important global actor with serving in 18 countries.

Ziraat Bank takes its position as the strongest national bank to a higher level each year in a sector with intense competition and international capital. Bank; continues to shape the Turkish banking sector thanks to its rich product and service diversity, unrivaled market knowledge and experience, synergy with its subsidiaries, high level human resources and strong financial structure.

Ziraat Bank will continue the journey that is designated in its strategic road map towards corporate objectives in an uninterrupted manner by producing more for customers and employees. Bank will keep contributing to the development of Turkish Economy and Banking Sector.

With its strong position, The Bank reflects the growth potential of the financial markets in the most accurate way and realizes best practices in business processes.

**IV. Shareholding Structure**

The paid in capital of T.C. Ziraat Bank is TL 13.100.000.000. The Bank's sole shareholder is Turkish Wealth Fund

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

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2020**

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

**V. Main Financial Indicators**

<b>ASSETS (TL Million)</b>	<b>30.06.2020</b>	<b>31.12.2019</b>
Cash and Cash Equivalents	53.223	63.810
Securities Portfolio	175.621	133.592
Cash Loans (Gross)	603.027	480.959
Other Assets	19.017	15.360
<b>Total Assets</b>	<b>850.888</b>	<b>693.721</b>
<b>LIABILITIES (TL Million)</b>	<b>30.06.2020</b>	<b>31.12.2019</b>
Deposits	609.199	479.929
Non-deposits Resources	117.458	109.249
Other Liabilities	37.185	30.315
Shareholders' Equity	87.046	74.228
<b>Total Liabilities</b>	<b>850.888</b>	<b>693.721</b>
<b>SUMMARY OF PROFIT OR LOSS TABLE (TL Million)</b>	<b>30.06.2020</b>	<b>30.06.2019</b>
Net Interest Income	19.965	12.348
Net Fees and Commission Income	1.251	1.624
Other Operating Income	1.797	2.246
Other Operating Expense	4.239	3.818
Expected Credit Loss	5.716	2.327
<b>Net Profit/Losses</b>	<b>5.549</b>	<b>2.845</b>
<b>RATIOS (%)</b>	<b>30.06.2020</b>	<b>31.12.2019</b>
Capital Adequacy Ratio	17,29	16,39
Equity / Total Assets	10,2	10,7
Cash Loans (Gross) / Total Assets	70,9	69,3
Loans under follow-up (Gross) / Total Loans	2,6	3,0
Liquid Assets / Total Assets	6,3	9,2

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