

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI
ANONİM ŞİRKETİ**

**PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
AT 30 SEPTEMBER 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 September 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 nine-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 September 2020 include a free provision amounting to TL 2.885.000 thousand which consist of TL 910.000 thousand provided in prior periods and TL 2.010.000 thousand recognized and TL 35.000 thousand reversed 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 September 2020 and the results of its consolidated operations and its consolidated cash flows for the nine-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 nine months period ended 30 September 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 20 November 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, 4 November 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 SEPTEMBER 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 nine 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 nine 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

SECTION ONE
General Information about the Parent Bank

		Page Number
I.	History of the Parent Bank including its incorporation date, initial legal status and amendments to legal status	1
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 Parent Bank belongs to	1
III.	Information on the Board of Directors, members of the audit committee, CEO and executive vice presidents, changes in these matters (if any) and shares of the Parent Bank they possess	1
IV.	Information about the persons and institutions that have qualified shares attributable to the Parent Bank	2
V.	Summary information on the Parent Bank's activities and services	2
VI.	Differences between The Communique on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and short explanation about the entities subject to full consolidation or proportional consolidation and entities which are deducted from equity or entities which are not included in these three methods	3
VII.	Current or likely, actual or legal barriers to immediate transfer of equity or repayment of debts between the Parent Bank and its subsidiaries	3

SECTION TWO
Consolidated Financial Statements

I.	Consolidated Balance sheet- Assests	5
II.	Consolidated Balance sheet- Liabilities	6
III.	Consolidated Statement of Off-Balance Sheet Commitments	7
IV.	Consolidated Statement of Profit or Loss	8
V.	Consolidated Statement of Profit or Loss and Other Comprehensive Income	9
VI.	Consolidated Statement of Changes in Shareholders' Equity	10-11
VII.	Consolidated Statement of Cash Flows	12

SECTION THREE
Explanations on Accounting Policies

I.	Basis of presentation	13-14
II.	Explanations on strategy of using financial instruments and foreign currency transactions	15
III.	Information on consolidated subsidiaries	15-18
IV.	Explanations on forward transactions, options and derivative instruments	18
V.	Explanations on interest income and expense	19
VI.	Explanations on fee and commission income and expense	19
VII.	Explanations on financial assets	19-21
VIII.	Explanations on impairment of financial assets	22-24
IX.	Explanations on offsetting of financial instruments	24
X.	Explanations on sales and repurchase agreements and securities lending transactions	25
XI.	Information on non-current assets or disposal groups 'held for sale' and related to discontinued operations and explanations on liabilities related with these assets	25
XII.	Explanations on goodwill and other intangible assets	25-26
XIII.	Explanations on property and equipment	26
XIV.	Explanations on leasing transactions	27
XV.	Explanations on provisions, contingent asset and liabilities	28
XVI.	Explanations on obligations related to employee rights	28-30
XVII.	Explanations on taxation	30-32
XVIII.	Explanations on insurance technical reserves	32
XIX.	Explanations on borrowings	33
XX.	Explanations on issuance of share certificates	33
XXI.	Explanations on avalized drafts and acceptances	33
XXII.	Explanations on government grants	33
XXIII.	Cash and cash equivalents	33
XXIV.	Explanations on segment reporting	33
XXV.	Explanations on other matters	33

SECTION FOUR
Explanations Related to the Financial Position and Risk Management

I.	Explanations on the components of consolidated shareholders' equity	34-41
II.	Explanations on the consolidated currency risk	42-44
III.	Explanations on the consolidated interest rate risk	45-47
IV.	Explanations on the position risk of consolidated equity instruments	48
V.	Explanations on consolidated liquidity risk management and liquidity coverage ratio	49-54
VI.	Explanations on consolidated leverage	55
VII.	Explanations on consolidated risk management	56
VIII.	Explanations on consolidated operating segments	56-59

SECTION FIVE
Explanations and Notes Related to Consolidated Financial Statements

I.	Explanations and notes related to consolidated assets	60-74
II.	Explanations and notes related to consolidated liabilities	75-80
III.	Explanations and notes related to consolidated off-balance sheet accounts	81
IV.	Explanations and notes related to consolidated profit or loss statement	82-86
V.	Explanations and notes related to the risk group that the Parent Bank belongs to	86-87
VI.	Explanations and notes related to subsequent events	87

SECTION SIX
Explanations on Audit's Review Report

I.	Matters to be explained on audit's review report	88
II.	Explanations and notes prepared by the independent auditors	88

SECTION SEVEN
Explanations on Interim Activity Report

I.	Interim activity report that will include the evaluations of the Chairman of the Board of the Bank and the General Manager of the interim activities	89-92
----	--	-------

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 SEPTEMBER 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

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 PARENT 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
Members of the Board of Directors	
Dr. Ahmet GENÇ	Chairman
Hüseyin AYDIN	CEO and Member
Veysi KAYNAK ⁽¹⁾	Vice Chairman and Member
Faruk ÇELİK	Member
Feyzi ÇUTUR	Member
Mahmut KAÇAR	Member
Mehmet Nihat ÖMEROĞLU	Member
Serruh KALELİ	Member
Yusuf BİLMEZ	Member
Audit Committee Members	
Feyzi ÇUTUR	Member
Mahmut KAÇAR ⁽²⁾	Member
Executive Vice Presidents	
Ali KIRBAŞ	Banking Operations and Communication
Alpaslan ÇAKAR	Retail Branch Banking -2
Bilgehan KURU	Financial Management
Mehmet Cengiz GÖGEBAKAN	Loan Policies
Musa ARDA	Loan Allocation and Management
Süleyman TURETKEN	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 SEPTEMBER 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 September 2020, the Parent Bank carries its activities with a grand total of 1.758 branches; 1.734 domestic branches including 19 corporate branches, 65 entrepreneurial branches, 1.645 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, Gönnyeli, Taşkınköy, Karaoğlanoğlu and İskele branches in Turkish Republic of Northern Cyprus. The Bank also has 1 representative office in Tehran, Iran.

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

As of 30 September 2020, the Group has 26.973 employees (31 December 2019: 27.168).

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 SEPTEMBER 2020**

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

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

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.

As Ziraat Teknoloji A.Ş., Onko İlaç Sanayi ve Ticaret A.Ş and Koçsel 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 Kartlı Sistemler A.Ş., Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş. and Keskinoğlu Tavukçuluk ve Damızlık İşl. San. Tic. 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 SEPTEMBER 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 September 2020			Prior Period 31 December 2019		
		TL	FC	Total	TL	FC	Total
I- FINANCIAL ASSETS (NET)		117.989.168	171.398.543	289.387.711	83.583.457	98.441.926	182.025.383
1.1 Cash and Cash Equivalents		6.583.083	79.210.700	85.793.783	3.565.469	60.244.783	63.810.252
1.1.1. Cash and Balances with Central Bank	(1)	6.072.182	72.179.415	78.251.597	2.947.625	52.864.641	55.812.266
1.1.2 Banks	(4)	72.473	6.899.515	6.971.988	131.072	7.251.813	7.382.885
1.1.3 Money Markets Receivables		440.159	141.164	581.323	487.812	133.957	621.769
1.1.4 Expected Loss Provision (-)		1.731	9.394	11.125	1.040	5.628	6.668
1.2 Financial Assets at Fair Value Through Profit or Loss		16.024.094	300.887	16.324.981	1.932.117	145.007	2.077.124
1.2.1 Government Debt Securities	(2)	15.184.091	41.980	15.226.071	1.898.894	7.310	1.906.204
1.2.2 Equity Instruments		13.659	-	13.659	23	-	23
1.2.3 Other Financial Assets		826.344	258.907	1.085.251	33.200	137.697	170.897
1.3 Financial Assets at Fair Value Through Other Comprehensive Income		91.434.751	89.990.543	181.425.294	76.790.107	36.553.163	113.343.270
1.3.1 Government Debt Securities	(5),(6)	87.162.666	87.540.474	174.703.140	74.042.653	35.560.304	109.602.957
1.3.2 Equity Instruments		161.319	541.173	702.492	140.393	399.984	540.377
1.3.3 Other Financial Assets		4.110.766	1.908.896	6.019.662	2.607.061	592.875	3.199.936
1.4 Derivative Financial Assets		3.947.240	1.896.413	5.843.653	1.295.764	1.498.973	2.794.737
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss	(3)	3.947.240	1.896.413	5.843.653	1.295.764	1.498.973	2.794.737
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		481.986.141	187.720.314	669.706.455	334.985.276	153.648.840	488.634.116
2.1 Loans	(7)	486.624.829	169.158.294	655.783.123	342.521.224	138.437.666	480.958.890
2.2 Lease Receivables	(12)	2.530.892	2.360.286	4.891.178	1.531.983	2.136.768	3.668.751
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortized Cost	(8)	11.886.073	17.955.117	29.841.190	4.480.563	13.691.052	18.171.615
2.4.1 Government Debt Securities		11.799.486	17.915.089	29.714.575	4.395.402	13.664.560	18.059.962
2.4.2 Other Financial Assets		86.587	40.028	126.615	85.161	26.492	111.653
2.5 Expected Credit Loss (-)		19.055.653	1.753.383	20.809.036	13.548.494	616.646	14.165.140
III. NON-CURRENT ASSETS OR DISPOSAL GROUPS “HELD FOR SALE” AND “HELD FROM DISCONTINUED OPERATIONS” (Net)		5.326.243	224	5.326.467	6.965.298	165	6.965.463
3.1 Held for Sale Purpose	(15)	5.326.243	224	5.326.467	6.965.298	165	6.965.463
3.2 Held from Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		1.053.559	190.991	1.244.550	589.172	137.914	727.086
4.1 Associates (Net)		506.208	7.070	513.278	282.244	2.584	284.828
4.1.1. Associates Valued Based on Equity Method	(9)	285.109	-	285.109	271.526	-	271.526
4.1.2 Unconsolidated Associates		221.099	7.070	228.169	10.718	2.584	13.302
4.2 Subsidiaries (Net)		547.351	-	547.351	306.928	-	306.928
4.2.1 Unconsolidated Financial Subsidiaries	(10)	-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		547.351	-	547.351	306.928	-	306.928
4.3 Entities under Common Control (Joint Ventures) (Net)		-	183.921	183.921	-	135.330	135.330
4.3.1. Joint Ventures Valued Based on Equity Method	(11)	-	183.921	183.921	-	135.330	135.330
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)		8.965.692	290.127	9.255.819	7.516.783	271.515	7.788.298
VI. INTANGIBLE ASSETS (Net)		1.021.998	62.591	1.084.589	884.317	50.831	935.148
6.1 Goodwill	(16)	-	-	-	30.723	-	30.723
6.2 Other		1.021.998	62.591	1.084.589	853.594	50.831	904.425
VII. INVESTMENT PROPERTY (Net)		-	-	-	-	-	-
VIII. CURRENT TAX ASSET		926.291	22.755	949.046	20.386	5.083	25.469
IX. DEFERRED TAX ASSET		1.191.528	688	1.192.216	1.191.444	123	1.191.567
X. OTHER ASSETS (Net)		9.276.416	4.229.394	13.505.810	3.856.278	1.572.417	5.428.695
TOTAL ASSETS		627.737.036	363.915.627	991.652.663	439.592.411	254.128.814	693.721.225

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 SEPTEMBER 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 September 2020			Prior Period 31 December 2019		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(1)	361.206.456	341.429.556	702.636.012	250.892.192	229.036.334	479.928.526
II. FUNDS BORROWED	(3)	579.554	38.155.255	38.734.809	1.667.904	32.590.533	34.258.437
III. MONEY MARKETS BORROWINGS	(4)	68.545.816	24.561.949	93.107.765	28.821.018	20.473.527	49.294.545
IV. SECURITIES ISSUED (Net)	(5)	5.296.510	13.911.900	19.208.410	5.761.229	9.831.892	15.593.121
4.1 Bills		731.247	-	731.247	2.267.540	279.678	2.547.218
4.2 Asset Backed Securities		3.554.573	-	3.554.573	2.482.999	-	2.482.999
4.3 Bonds		1.010.690	13.911.900	14.922.590	1.010.690	9.552.214	10.562.904
V. FUNDS		6.099.990	-	6.099.990	6.066.464	-	6.066.464
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		6.099.990	-	6.099.990	6.066.464	-	6.066.464
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)	649.807	2.516.033	3.165.840	536.555	1.115.646	1.652.201
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		649.807	2.516.033	3.165.840	536.555	1.115.646	1.652.201
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	(7)	888.588	133.931	1.022.519	668.204	104.471	772.675
X. PROVISIONS	(9)	6.328.088	236.623	6.564.711	3.571.025	539.769	4.110.794
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		1.657.749	6.456	1.664.205	1.704.127	4.823	1.708.950
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		4.670.339	230.167	4.900.506	1.866.898	534.946	2.401.844
XI. CURRENT TAX LIABILITY	(10)	867.828	11.082	878.910	1.857.191	8.489	1.865.680
XII. DEFERRED TAX LIABILITY	(10)	-	4.693	4.693	34.153	5.019	39.172
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS “HELD FOR SALE” AND “HELD FROM DISCONTINUED OPERATIONS” (Net)	(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		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(12)	-	13.558.156	13.558.156	-	10.103.295	10.103.295
14. Loans		-	754.430	754.430	-	537.338	537.338
14.2 Other Debt Instruments		-	12.803.726	12.803.726	-	9.565.957	9.565.957
XV. OTHER LIABILITIES	(6)	17.009.223	3.438.241	20.447.464	9.438.934	3.308.655	12.747.589
XVI. SHAREHOLDERS' EQUITY	(13)	89.632.716	(3.409.332)	86.223.384	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		(764)	-	(764)	(571)	-	(571)
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		(764)	-	(764)	(571)	-	(571)
16.3. Accumulated Other Comprehensive Income or Expense Not Reclassified Through Profit or Loss		2.910.326	397.571	3.307.897	3.885.618	303.466	4.189.084
16.4. Accumulated Other Comprehensive Income or Expense Reclassified Through Profit or Loss		5.482.452	(4.883.604)	598.848	3.613.096	(1.160.736)	2.452.360
16.5 Profit Reserves		57.664.421	1.076.701	58.741.122	51.637.732	687.344	52.325.076
16.5.1 Legal Reserves		5.111.081	33.841	5.144.922	5.049.462	40.119	5.089.581
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		52.418.872	35.833	52.454.705	46.497.385	34.521	46.531.906
16.5.4 Other Profit Reserves		134.468	1.007.027	1.141.495	90.885	612.704	703.589
16.6 Profit or (Loss)		10.472.005	-	10.472.005	9.158.560	-	9.158.560
16.6.1 Prior Periods' Profit or (Loss)		2.739.306	-	2.739.306	1.801.735	-	1.801.735
16.6.2 Current Period Profit or (Loss)		7.732.699	-	7.732.699	7.356.825	-	7.356.825
16.7 Minority Interest		4.276	-	4.276	2.993	-	2.993
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		557.104.576	434.548.087	991.652.663	386.773.521	306.947.704	693.721.225

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 SEPTEMBER 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 September 2020			Prior Period 31 December 2019		
		TL	FC	Total	TL	FC	Total
I. OFF-BALANCE SHEET COMMITMENTS (I+II+III) GUARANTEES AND WARRANTIES	(1)	151.819.828	392.141.268	543.961.096	144.394.170	313.003.820	457.397.990
1.1 Letters of Guarantee		47.273.559	76.941.075	124.214.634	43.893.079	57.274.344	101.167.423
1.1.1 Guarantees Subject to State Tender Law		1.320.577	16.902.197	18.222.774	1.164.794	13.635.508	14.800.302
1.1.2 Guarantees Given for Foreign Trade Operations		40.364.307	38.727.689	79.091.996	37.831.479	39.002.599	76.834.078
1.1.3 Other Letters of Guarantee		5.588.675	21.311.189	26.899.864	4.636.237	9.533.043	
1.2 Bank Acceptances		122.588	8.709.527	8.832.115	9.724	8.211.786	8.221.510
1.2.1 Import Letter of Acceptance		122.588	8.709.527	8.831.187	6.517	8.206.747	8.213.264
1.2.2 Other Bank Acceptances		-	928	928	3.207	5.039	8.246
1.3 Letters of Credit		302.575	21.322.102	21.624.677	255.679	20.137.357	20.393.036
1.3.1 Documentary Letters of Credit		302.575	21.249.701	21.552.276	255.679	20.071.463	20.327.142
1.3.2 Other Letters of Credit		-	72.401	72.401	-	65.894	65.894
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		56.600	1.408.519	1.465.119	-	969.507	969.507
1.5.1 Endorsements to the Central Bank of Turkey		56.600	1.408.519	1.465.119	-	969.507	969.507
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		97.493	1.874.685	1.972.178	-	939.474	939.474
1.9 Other Collaterals		9.079	1.800	10.879	5.210	-	5.210
II. COMMITMENTS		55.392.125	20.312.300	75.704.425	53.014.691	19.903.469	72.918.160
2.1 Irrevocable Commitments	(1)	55.392.125	12.516.270	67.908.395	53.014.691	14.823.869	67.838.560
2.1.1 Asset Purchase Commitments		83.859	7.096.334	7.180.193	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		14.863.406	59.588	14.922.994	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		4.789.274	55	4.789.329	3.852.919	24	3.852.943
2.1.8 Tax and Fund Liabilities from Export Commitments		14.929	-	14.929	11.509	-	11.509
2.1.9 Commitments for Credit Card Limits		22.550.533	37.999	22.588.532	24.220.013	25.292	24.245.305
2.1.10 Commitments for Credit Cards and Banking Services Promotions		72.272	-	72.272	36.161	-	36.161
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		13.014.702	5.322.294	18.336.996	10.909.460	3.194.485	14.103.945
2.2 Revocable Commitments		-	7.796.030	7.796.030	-	5.079.600	5.079.600
2.2.1 Revocable Loan Granting Commitments		-	158.503	158.503	-	216.573	216.573
2.2.2 Other Revocable Commitments		-	7.637.527	7.637.527	-	4.863.027	4.863.027
III. DERIVATIVE FINANCIAL INSTRUMENTS		48.565.809	261.571.260	310.137.069	47.215.787	205.567.883	252.783.670
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		48.565.809	261.571.260	310.137.069	47.215.787	205.567.883	252.783.670
3.2.1 Forward Foreign Currency Buy/Sell Transactions		3.452.993	4.439.534	7.892.527	3.859.858	4.325.518	8.185.376
3.2.1.1 Forward Foreign Currency Transactions-Buy		2.180.859	1.776.683	3.957.542	1.631.241	2.449.973	4.081.214
3.2.1.2 Forward Foreign Currency Transactions-Sell		1.272.134	2.662.851	3.934.985	2.228.617	1.875.545	4.104.162
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		44.240.022	256.256.915	300.496.937	43.353.905	201.213.855	244.567.760
3.2.2.1 Foreign Currency Swap-Buy		3.233.781	119.701.694	122.935.475	1.417.227	99.048.727	100.465.954
3.2.2.2 Foreign Currency Swap-Sell		39.116.241	81.492.975	120.609.216	41.796.678	57.948.484	99.745.162
3.2.2.3 Interest Rate Swap-Buy		945.000	27.531.123	28.476.123	70.000	22.108.322	22.178.322
3.2.2.4 Interest Rate Swap-Sell		945.000	27.531.123	28.476.123	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		872.794	874.811	1.747.605	-	-	-
3.2.4.1 Foreign Currency Futures-Buy		-	874.811	874.811	-	-	-
3.2.4.2 Foreign Currency Futures-Sell		872.794	-	872.794	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		2.119.199.517	331.104.488	2.450.304.005	1.937.445.479	248.393.650	2.185.839.129
IV. ITEMS HELD IN CUSTODY		774.558.231	67.506.160	842.064.391	806.756.931	45.380.242	852.137.173
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		18.986.956	31.988.789	50.975.745	20.517.299	21.575.724	42.093.023
4.3 Checks Received for Collection		14.398.736	1.913.112	16.311.848	10.908.997	1.492.464	12.401.461
4.4 Commercial Notes Received for Collection		13.772.268	1.517.360	15.289.628	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		700.971.519	2.115	700.973.634	738.596.223	-	738.596.223
4.7 Other Items Under Custody		26.418.287	29.501.224	55.919.511	25.378.489	20.506.340	45.884.829
4.8 Custodians		1.649	2.583.560	2.585.209	1.649	859.652	861.301
V. PLEDGES RECEIVED		1.343.150.676	259.205.072	1.602.355.748	1.129.440.550	199.704.058	1.329.144.608
5.1 Marketable Securities		7.330.213	1.689.860	9.020.073	3.353.935	1.296.711	4.650.646
5.2 Guarantee Notes		15.818.030	6.891.511	22.709.541	16.780.956	5.436.821	22.217.777
5.3 Commodity		3.008.998	976.885	3.985.883	2.428.499	639.362	3.067.861
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		1.071.950.711	160.600.308	1.232.551.019	895.452.305	125.862.426	1.021.314.731
5.6 Other Pledged Items		245.037.515	89.018.114	334.055.629	211.419.646	66.447.078	277.866.724
5.7 Pledged Items-Depository		5.209	28.394	33.603	5.209	21.660	26.869
VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES		1.490.610	4.393.256	5.883.866	1.247.998	3.309.350	4.557.348
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		2.271.019.345	723.245.756	2.994.265.101	2.081.839.649	561.397.470	2.643.237.119

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 SEPTEMBER 2020**

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

IV. CONSOLIDATED STATEMENT OF PROFIT OR LOSS		Note (Section Five IV)	Current Period 1 January - 30 September 2020	Prior Period 1 January - 30 September 2019	Current Period 1 July - 30 September 2020	Prior Period 1 July - 30 September 2019
I.	INTEREST INCOME	(1)	53.403.120	52.370.703	18.894.812	17.465.074
1.1	Interest on Loans		41.185.016	41.838.219	14.406.355	14.606.580
1.2	Interest on Reserve Requirements		131.924	443.596	59.832	128.821
1.3	Interest on Banks		103.119	553.640	47.269	158.651
1.4	Interest on Money Market Transactions		8.223	9.679	3.433	1.472
1.5	Interest on Marketable Securities Portfolio		11.498.278	9.075.731	4.233.639	2.421.134
1.5.1	Fair Value Through Profit or Loss		139.477	16.461	45.176	6.721
1.5.2	Fair Value through Other Comprehensive Income		9.956.071	8.047.507	3.560.154	2.123.722
1.5.3	Measured at Amortized Cost		1.402.730	1.011.763	628.309	290.691
1.6	Financial Lease Interest Income		279.426	281.577	96.911	98.846
1.7	Other Interest Income		197.134	168.261	47.373	49.570
II.	INTEREST EXPENSE (-)	(2)	22.728.444	33.613.377	8.185.512	11.055.573
2.1	Interest on Deposits		16.065.748	23.113.848	5.769.164	7.724.494
2.2	Interest on Funds Borrowed		1.042.234	1.308.439	345.560	430.858
2.3	Interest Expense on Money Market Transactions		3.082.466	7.607.654	1.357.087	2.373.262
2.4	Interest on Securities Issued		1.418.947	1.290.536	524.691	441.337
2.5	Interest on Leases		95.174	87.392	31.025	32.508
2.6	Other Interest Expenses		1.023.875	205.508	157.985	53.114
III.	NET INTEREST INCOME (I - II)		30.674.676	18.757.326	10.709.300	6.409.501
IV.	NET FEES AND COMMISSIONS INCOME		2.453.734	2.404.085	1.202.425	779.608
4.1	Fees and Commissions Received		3.861.126	4.075.044	1.541.309	1.277.781
4.1.1	Non-cash Loans		779.425	761.113	273.562	257.816
4.1.2	Other		3.081.701	3.313.931	1.267.747	1.019.965
4.2	Fees and Commissions Paid (-)		1.407.392	1.670.959	338.884	498.173
4.2.1	Non-cash Loans		587	1.184	90	195
4.2.2	Other		1.406.805	1.669.775	338.794	497.978
V.	DIVIDEND INCOME		1.584	22.622	97	12.508
VI.	TRADING PROFIT/(LOSS) (Net)	(3)	(6.945.761)	(6.239.900)	(4.202.439)	(1.771.749)
6.1	Trading Gains / (Losses) on Securities		5.057.736	65.238	2.341.472	33.941
6.2	Gains / (Losses) on Derivative Financial Transactions		(3.795.159)	(6.797.065)	(1.068.085)	(2.136.211)
6.3	Foreign Exchange Profit/(Losses)		(8.208.338)	491.927	(5.475.826)	330.521
VII.	OTHER OPERATING INCOME	(4)	2.620.651	3.561.141	824.137	1.314.919
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		28.804.884	18.505.274	8.533.520	6.744.787
IX.	EXPECTED CREDIT LOSS (-)	(5)	8.076.103	3.912.550	2.360.370	1.585.707
X.	OTHER PROVISION EXPENSES (-)	(5)	2.268.823	77.139	126.036	53.558
XI.	PERSONNEL EXPENSE (-)		3.760.257	2.889.665	1.069.264	947.809
XII.	OTHER OPERATING EXPENSES (-)	(6)	6.461.612	5.830.419	2.222.368	2.012.336
XIII.	NET OPERATING PROFIT/(LOSS) (VIII-IX-X-XI-XII)		8.238.089	5.795.501	2.755.482	2.145.377
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XV.	PROFIT/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		42.594	41.876	16.405	21.894
XVI.	PROFIT/(LOSS) ON NET MONETARY POSITION		-	-	-	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)	(7)	8.280.683	5.837.377	2.771.887	2.167.271
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(8)	(2.403.285)	(1.335.661)	(587.057)	(510.298)
18.1	Current Tax Provision		(1.635.922)	(2.292.313)	959.924	(1.351.353)
18.2	Deferred Tax Expense Effect (+)		(4.250.533)	(2.796.415)	(2.479.762)	(440.671)
18.3	Deferred Tax Income Effect (-)		3.483.170	3.753.067	932.781	1.281.726
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)	(9)	5.877.398	4.501.716	2.184.830	1.656.973
XX.	INCOME FROM DISCONTINUED OPERATIONS		2.473.439	-	-	-
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	-	-	-
20.3	Income from Other Discontinued Operations		-	-	-	-
XXI.	EXPENSES FOR DISCONTINUED OPERATIONS (-)		535.466	-	-	-
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		-	-	-	-
XXII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)		1.937.973	-	-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		(81.405)	-	-	-
23.1	Current Tax Provision		(78.057)	-	-	-
23.2	Deferred Tax Expense Effect (+)		(3.766)	-	-	-
23.3	Deferred Tax Income Effect (-)		418	-	-	-
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		1.856.568	-	-	-
XXV.	NET PROFIT / (LOSS) (XVIII+XXIII)	(10)	7.733.966	4.501.716	2.184.830	1.656.973
25.1	Profit / (Loss) from the Group		7.732.699	4.501.274	2.184.234	1.656.800
25.2	Profit / (Loss) from Minority Interest		1.267	442	596	173
	Earnings/(Loss) per share (in TL full)		0,814	0,738	0,091	0,272

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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020**
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

V. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Current Period 1 January - 30 September 2020	Prior Period 1 January - 30 September 2019
I.	CURRENT PERIOD PROFIT/LOSS	7.733.966	4.501.716
II.	OTHER COMPREHENSIVE INCOME	(3.019.630)	3.460.704
2.1	Not Reclassified Through Profit or Loss	(1.164.773)	(58.209)
2.1.1	Property and Equipment Revaluation Increase/Decrease	(799.962)	(179.877)
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Plan Remeasurement Gain/Loss	192.291	-
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(811.655)	129.600
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	254.553	(7.932)
2.2	Reclassified Through Profit or Loss	(1.854.857)	3.518.913
2.2.1	Foreign Currency Translation Differences	940.861	270.547
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(3.585.541)	4.164.427
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	789.823	(916.061)
III.	TOTAL COMPREHENSIVE INCOME (I+II)	4.714.336	7.962.420

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 CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 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						
Prior Period 30 September 2020																
I. Prior Period End Balance	6.100.000	-	-	(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
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	6.100.000	-	-	(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
IV. Total comprehensive income	-	-	-	-	(719.966)	153.833	(598.640)	940.861	(2.795.734)	-	-	7.732.699	-	4.713.053	1.283	4.714.336
V. Capital increase by cash	7.000.000	-	-	-	-	-	-	-	-	-	-	-	-	7.000.000	-	7.000.000
VI. Capital increase by internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase (decrease) by other changes	-	-	-	(2.514)	283.600	-	(14)	-	1.361	-	(707.589)	779.596	-	354.440	-	354.440
XI. Profit distribution	-	-	-	2.321	-	-	-	-	-	-	7.123.635	(7.198.850)	-	(72.894)	-	(72.894)
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(72.894)	-	(72.894)	-	(72.894)
11.2 Transfers to Reserves	-	-	-	2.321	-	-	-	-	-	-	6.973.452	(6.975.773)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	150.183	(150.183)	-	-	-	-
Balance at the end of the period (III+IV+.....+X+XI)	13.100.000	-	-	(764)	3.393.936	93.406	(179.445)	3.689.851	(3.091.003)	-	58.741.122	2.739.306	7.732.699	86.219.108	4.276	86.223.384

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

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 CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 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						
					Prior Period 30 September 2019											
I. Prior Period End Balance	6.100.000	-	-	(483)	3.966.201	(32.536)	243.889	2.643.725	(6.207.033)	-	37.320.380	16.092.374	-	60.126.517	2.458	60.128.975
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	6.100.000	-	-	(483)	3.966.201	(32.536)	243.889	2.643.725	(6.207.033)	-	37.320.380	16.092.374	-	60.126.517	2.458	60.128.975
IV. Total comprehensive income	-	-	-	-	(161.889)	-	103.680	270.547	3.248.598	-	-	4.501.274	-	7.962.210	210	7.962.420
V. Capital increase by cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase by internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase (decrease) by other changes	-	-	-	(102)	188.954	191	(330)	-	308	-	143.700	117.434	-	450.155	-	450.155
XI. Profit distribution	-	-	-	-	-	-	-	-	-	-	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)	-	-	-	-
Balance at the end of the period (III+IV+.....+X+XI)	6.100.000	-	-	(585)	3.993.266	(32.345)	347.239	2.914.272	(2.958.127)	-	52.110.376	1.563.512	4.501.274	68.538.882	2.668	68.541.550

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

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.

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS AS OF 30 SEPTEMBER 2020

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

VII. CONSOLIDATED STATEMENT OF CASH FLOWS	Note (Section Five)	Current Period 1 January-30 September 2020	Prior Period 1 January-30 September 2019
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		11.569.595	(4.190.899)
1.1.1 Interest Received		49.295.183	47.826.657
1.1.2 Interest Paid		(22.761.463)	(32.056.149)
1.1.3 Dividend Received		1.584	16.805
1.1.4 Fees and Commissions Received		4.921.961	4.067.629
1.1.5 Other Income		3.351.476	4.160.182
1.1.6 Collections from Previously Written-off Loans and Other Receivables		1.705.090	1.839.297
1.1.7 Cash Payments to Personnel and Service Suppliers		(4.079.624)	(3.252.200)
1.1.8 Taxes Paid		(3.546.269)	(2.418.145)
1.1.9 Other		(17.318.343)	(24.374.975)
1.2 Changes in Operating Assets and Liabilities		50.427.029	12.502.982
1.2.1 Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		(9.920.946)	(828.968)
1.2.2 Net (Increase) / Decrease in due from banks and other financial institutions		(17.918.267)	(6.691.216)
1.2.3 Net (Increase) / Decrease in loans		(137.594.501)	(48.044.356)
1.2.4 Net (Increase) / Decrease in other assets		(6.698.059)	555.522
1.2.5 Net Increase / (Decrease) in bank deposits		5.839.217	5.218.884
1.2.6 Net Increase / (Decrease) in other deposits		173.912.203	69.997.426
1.2.7 Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss		-	-
1.2.8 Net Increase / (Decrease) in funds borrowed		(4.081.791)	(666.606)
1.2.9 Net Increase / (Decrease) in payables		-	-
1.2.10 Net Increase / (Decrease) in other liabilities		46.889.173	(7.037.704)
I. Net Cash Provided from Banking Operations		61.996.624	8.312.083
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		(70.486.866)	(15.375.526)
2.1 Cash Paid for Acquisition of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)		(374.183)	(251.750)
2.2 Cash Obtained from Disposal of Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)		-	-
2.3 Purchases of Property and Equipment		(1.054.165)	(736.416)
2.4 Disposals of Property and Equipment		874.812	233.090
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(108.565.018)	(29.880.799)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		45.749.151	15.397.883
2.7 Purchase of Financial Assets at Measured at Amortized Cost		(8.004.300)	(10.620.821)
2.8 Sale of Financial Assets at Measured at Amortized Cost		886.837	2.920.881
2.9 Other		-	7.562.406
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		7.460.370	3.700.971
3.1 Cash Obtained from Funds Borrowed and Securities Issued		13.328.486	19.042.962
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(12.663.142)	(14.985.940)
3.3 Issued Equity Instruments		7.000.000	-
3.4 Dividends Paid		-	-
3.5 Payments for finance leases		(204.974)	(356.051)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		4.150.435	586.961
V. Net Increase in Cash and Cash Equivalents (I+II+III+IV)		3.120.563	(2.775.511)
VI. Cash and Cash Equivalents at the Beginning of the Period		32.051.095	28.295.446
VII. Cash and Cash Equivalents at the End of the Period		35.171.658	25.519.935

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.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 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 30 September 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.

**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 SEPTEMBER 2020**

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued)

As of 30 September 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 September 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 September 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 used, the weight of the bad scenario was increased. 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 consolidated financial statements. Accordingly, these 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.

**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 SEPTEMBER 2020**

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

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”).

**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 SEPTEMBER 2020**

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

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.

**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 SEPTEMBER 2020**

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

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:

Title	Address (City/Country)	Main Activities	Parent Bank’s Share Percentage (%)	Parent Bank’s Risk Group Share Percentage (%)
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	99,91
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:

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

**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 SEPTEMBER 2020**

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

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.

**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 SEPTEMBER 2020**

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

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.

**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 SEPTEMBER 2020**

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

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.

**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 SEPTEMBER 2020**

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

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.

**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 SEPTEMBER 2020**

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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. 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.

**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 SEPTEMBER 2020**

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

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, all remaining maturity 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.

**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 SEPTEMBER 2020**

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF 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.

**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 SEPTEMBER 2020**

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

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 the Group is 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.

**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 SEPTEMBER 2020**

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

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. Valuation differences arising as a result of the valuation made by independent expertise firms for real estates are accounted under the tangible and intangible fixed asset revaluation differences account under 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:

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

Gains or losses 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.

**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 SEPTEMBER 2020**

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

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”.

**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 SEPTEMBER 2020**

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

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 time 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 September 2020, retirement benefit obligation is TL 1.086.378 (31 December 2019: TL 1.052.901).

	Current Period	Prior Period
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 93.406 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.

**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 SEPTEMBER 2020**

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

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

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

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

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

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

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

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

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

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

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

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).

**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 SEPTEMBER 2020**

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

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 September 2020 are presented below:

Russia	20%
Kazakhstan	20%
Germany	16%
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. In the deferred tax calculation, the Bank estimates the time when temporary differences will be taxable / deductible and uses the legal tax rates valid as of the balance sheet date in accordance with the current tax legislation. 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.

**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 SEPTEMBER 2020**

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

Deferred Tax (Continued)

Such assets and liabilities are not recognized as deferred tax liability or asset if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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.

According to December 8, 2004 BRSA.DZM.2/13/1-a-3 notice, there is no deferred tax assets on general provision and free provision. In addition to this, deferred tax asset calculation has started to be measured over temporary expected provision losses differences according to TFRS 9 articles, beginning from January 1, 2018. Deferred rate calculation for free provisions are not calculated.

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.

**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 SEPTEMBER 2020**

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

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 ExtraOrdinary 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.

**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 SEPTEMBER 2020**

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

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 September 2020, the Group's total capital has been calculated as TL 110.017.722 (31 December 2019: TL 88.375.572), capital adequacy ratio is 16,96% (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

	Current Period 30 September 2020	Amount as per the regulation before 01/01/2014*
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	13.100.000	-
Share issue premiums	-	-
Reserves	58.741.122	-
Gains recognized in equity as per TAS	8.772.961	-
Profit	10.472.005	-
Current Period Profit	7.732.699	-
Prior Period Profit	2.739.306	-
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	476	-
Common Equity Tier 1 Capital Before Deductions	91.103.952	-
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1 st 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	18.845	-
Improvement costs for operating leasing	47.485	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1.084.589	1.084.589
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 th clause of the 56 th 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 nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-

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

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

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

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 September 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		-
Total Deductions from Common Equity Tier I Capital	1.150.919	-
Total Common Equity Tier I Capital	89.953.033	-
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums		-
Debt instruments and premiums approved by BRSA	13.233.129	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)		-
Third parties’ share in the Additional Tier I capital		-
Third parties’ share in the Additional Tier I capital (Covered by Temporary Article 3)		-
Additional Tier I Capital before Deductions	13.233.129	-
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)		-
Investments of Bank to Banks that invest in Bank’s additional equity and components of equity issued by financial institutions with compatible with Article 7.		-
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital		-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital		-
Other Items to be defined by the BRSA (-)		-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)		-
Net deferred tax asset/liability which is not deducted from Common Equity Tier I capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)		-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)		-
Total Deductions from Additional Tier I Capital		-
Total Additional Tier I Capital	13.233.129	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	103.186.162	-
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA		-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)		-
Third parties’ share in the secondary capital		-
Third parties’ share in the secondary capital (Covered by Temporary Article 3)		-
Provisions (Article 8 of the Regulation on the Equity of Banks)	6.870.580	-
Tier II Capital Before Deductions	6.870.580	-
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)		-
Investments of Bank to Banks that invest on Bank’s Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.		-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)		-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank		-
Other items to be defined by the BRSA (-)		-
Total Deductions from Tier II Capital		-
Total Tier II Capital	6.870.580	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	110.056.742	-

**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 SEPTEMBER 2020**

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

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 September 2020	Amount as per the regulation before 01/01/2014*
Total Tier I Capital and Tier II Capital (Total Equity)	110.056.742	-
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	39.020	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	110.017.722	-
Total Risk Weighted Assets	648.698.551	-
CAPITAL ADEQUACY RATIOS		
Consolidated CET 1 Capital Ratio (%)	13,87	-
Consolidated Tier I Capital Ratio (%)	15,91	-
Consolidated Capital Adequacy Ratio (%)	16,96	-
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	4,59	-
a) Capital conservation buffer requirement (%)	2,50	-
b) Bank specific countercyclical buffer requirement (%)	0,085	-
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	9,37	-
Amounts Lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	199.786	-
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	56.664	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	1.192.216	-
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per the thousand)	10.057.788	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	6.870.580	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(*) Amounts considered within transition provisions.

**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 SEPTEMBER 2020**

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

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)

	Prior Period 31 December 2019	Amount as per the regulation before 01/01/2014*
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	6.100.000	-
Share issue premiums	-	-
Reserves	52.325.076	-
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	-
Common Equity Tier 1 Capital Before Deductions	74.582.446	-
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	357.628	-
Improvement costs for operating leasing	49.402	-
Goodwill (net of related tax liability)	30.723	30.723
Other intangibles other than mortgage-servicing rights (net of related tax liability)	904.425	904.425
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity		
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-

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

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

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

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)

	Prior Period 31 December 2019	Amount as per the regulation before 01/01/2014*
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions from Common Equity Tier I Capital	1.342.178	-
Total Common Equity Tier I Capital	73.240.268	-
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	9.783.918	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Third parties' share in the Additional Tier I capital	-	-
Third parties' share in the Additional Tier I capital (Covered by Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	9.783.918	-
Total Tier I Capital and Tier II Capital (Total Equity)		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items to be defined by the BRSA (-)	-	-
Transition from the Core Capital to Continue to deduct Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	9.783.918	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	83.024.186	-
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Third parties' share in the secondary capital (Covered by Temporary Article 3)	-	-
Third parties' share in the secondary capital	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	5.447.631	-
Tier II Capital Before Deductions	5.447.631	-
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	5.447.631	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	88.471.817	-

**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 SEPTEMBER 2020**

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

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)

	Prior Period 31 December 2019	Amount as per the regulation before 01/01/2014*
Total Capital (The sum of Tier I Capital and Tier II Capital)	88.471.817	-
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	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	88.375.572	-
Total Risk Weighted Assets	539.203.074	-
CAPITAL ADEQUACY RATIOS		
Consolidated CET 1 Capital Ratio (%)	13,58	-
Consolidated Tier I Capital Ratio (%)	15,40	-
Consolidated Capital Adequacy Ratio (%)	16,39	-
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	4,55	-
a) Capital conservation buffer requirement (%)	2,50	-
b) Bank specific countercyclical buffer requirement (%)	0,05	-
c) Higher bank buffer requirement ratio (%)	2,00	-
Additional CET 1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	9,08	-
Amounts Lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	180.672	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	90.883	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	1.191.567	-
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per the thousand)	5.447.631	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	5.447.631	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 01 January 2018-01 January 2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(*) Amounts considered within transition provisions

**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 SEPTEMBER 2020**

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

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

Information about instruments included in total capital calculation-Current Period		
	T.C. Ziraat Bankası A.Ş.	Ziraat Katılım Bankası A.Ş.
Issuer	T.C Ziraat Bankası A.Ş.	Ziraat Katılım Bankası A.Ş.
Identifier (CUSIP, ISIN vb.)	XS1984644739	-
Governing law (s) of the instrument	Subject to English Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Communiqué VII-128.8 on Debt Instruments of the Capital Markets Board and the Regulation on Bank Capital and 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.
Regulatory treatment		
Subject to 10% deduction as of 1/1/2015	None	None
Eligible on unconsolidated and /or unconsolidated basis	Eligible on consolidated and unconsolidated	Eligible on consolidated and unconsolidated
Instrument type	Additional Capital Bond Issuance (Tier 1 Capital)	Additional Capital Credit (Tier 1 Capital)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	12.531	703
Nominal value of instrument (TL million)	12.531	703
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	
Interest/dividend payment		
Fixed or floating coupon/dividend payments	Fixed	None
Coupon rate and any related index	First 5 years fixed 5,076%, next 5 years MS + 5,031% fixed	None
Existence of any dividend payment restriction	None	None
Fully discretionary, partially discretionary or mandatory	Fully discretionary	None
Existence of step up or other incentive to redeem	None	None
Noncumulative or cumulative	Noncumulative	None

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

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

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

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

	Current Period	Prior Period
Balance Sheet - Equity	86.223.384	74.227.502
Operational Leasing Development Costs	(47.485)	(49.402)
Goodwill and Other Intangible Assets and Related Deferred Taxes Liabilities	(1.084.589)	(935.148)
TIER 2 Capital (Provisions)	6.870.580	5.447.631
Debt Instruments and the Related Issuance Premiums Defined by the BRSA TIER 2 Capital (Provisions)	13.233.129	9.783.918
Other deductions from common equity	(39.020)	(96.245)
Minority interest	(3.800)	(2.684)
Other regulations	4.865.523	-
Amount recognized in regulatory capital	110.017.722	88.375.572

**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 SEPTEMBER 2020**

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

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. 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
23.09.2020	7,6280	8,8988	5,4189	1,1957	0,8499	8,2571	5,7104	0,8088	9,7363	2,0339	7,2440
24.09.2020	7,5691	8,8089	5,3142	1,1835	0,8278	8,1625	5,6490	0,7896	9,6248	2,0181	7,1779
25.09.2020	7,5748	8,8026	5,3182	1,1824	0,8312	8,1581	5,6524	0,7912	9,6252	2,0196	7,1703
28.09.2020	7,7034	8,9714	5,4325	1,2052	0,8493	8,3011	5,7566	0,8107	9,8912	2,0539	7,2963
29.09.2020	7,7653	9,1103	5,5274	1,2239	0,8660	8,4351	5,7980	0,8239	9,9800	2,0704	7,3528
30.09.2020	7,6336	8,9504	5,4718	1,2027	0,8533	8,3092	5,7130	0,8159	9,8711	2,0352	7,2336

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
7,4758	8,8074	5,3984	1,1837	0,8450	8,1693	5,6529	0,8171	9,6753	1,9933	7,0802

**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 SEPTEMBER 2020**

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

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
Current Period				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	30.228.500	29.547.852	12.400.982	72.177.334
Banks	2.233.953	2.841.467	1.816.782	6.892.202
Financial Assets at Fair Value Through Profit and Loss ⁽¹⁾	1.370	156.506	15.242.239	15.400.115
Money Markets Receivables	-	-	141.164	141.164
Financial Assets at Fair Value Through Other Comprehensive Income	9.424.717	80.390.489	175.337	89.990.543
Loans ⁽²⁾	72.076.751	93.414.131	4.857.834	170.348.716
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures)	-	183.921	7.070	190.991
Financial Assets Measured at Amortised Cost	14.248.504	3.695.025	10.260	17.953.789
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Assets	34.857	2.372	252.898	290.127
Intangible Assets	25.873	3.898	32.820	62.591
Other Assets ⁽⁴⁾	1.737.395	4.003.017	363.390	6.103.802
Total Assets ⁽⁵⁾	130.011.920	214.238.678	35.300.776	379.551.374
Liabilities				
Interbank Deposits	12.994.143	1.455.245	889.452	15.338.840
Foreign Currency Deposits	146.416.317	128.926.690	50.747.709	326.090.716
Money Markets Borrowings	-	24.561.949	-	24.561.949
Funds Provided from Other Financial Institutions	11.409.625	26.675.067	70.563	38.155.255
Issued Marketable Securities ⁽⁶⁾	12.803.726	13.911.089	811	26.715.626
Miscellaneous Payables	1.876.034	148.879	145.574	2.170.487
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	1.804.862	2.851.176	268.508	4.924.546
Total Liabilities	187.304.707	198.530.095	52.122.617	437.957.419
Net Balance Sheet Position	(57.292.787)	15.708.583	(16.821.841)	(58.406.045)
Net Off-Balance Sheet Position ⁽³⁾	54.020.199	(38.319.620)	22.496.783	38.197.362
Financial Derivative Assets	64.026.387	62.173.375	23.684.549	149.884.311
Financial Derivative Liabilities	10.006.188	100.492.995	1.187.766	111.686.949
Non-Cash Loans	47.878.301	53.469.393	8.910.014	110.257.708
Prior Period				
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
Net Balance Sheet Position	(42.554.082)	(2.614.547)	(5.497.821)	(50.666.450)
Net Off-Balance Sheet Position ⁽³⁾	42.239.827	(10.244.323)	9.679.167	41.674.671
Financial Derivative Assets	49.481.768	63.545.770	10.593.739	123.621.277
Financial Derivative Liabilities	7.241.941	73.790.093	914.572	81.946.606
Non-Cash Loans	35.902.142	44.589.301	7.041.025	87.532.468

⁽¹⁾ TL 15.099.228 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)

⁽²⁾ TL 258.834 equivalent of USD and TL 323.357 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).

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

⁽⁴⁾ Prepaid expenses in other assets amounting to TL 45.672 are not included.

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

⁽⁶⁾ Includes subordinated debt instruments.

**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 SEPTEMBER 2020**

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

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 nine-month accounting periods ended 30 September 2020 and 30 September 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 September 2020		Prior Period – 30 September 2019	
	Profit or Loss Statement	Equity (*)	Profit or Loss Statement	Equity (*)
USD	(1.930.828)	(2.057.311)	(72.678)	(187.780)
EUR	(153.695)	(364.484)	(36.466)	(247.414)
Other Currencies	129.353	129.353	129.924	129.924
Total (Net) (**)	(1.955.170)	(2.292.442)	20.780	(305.270)

(*) 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 nine-month accounting periods ending on 30 September 2020 and 30 September 2019 is shown in the table below.

	Current Period – 30 September 2020		Prior Period – 30 September 2019	
	Profit or Loss Statement	Equity (*)	Profit or Loss Statement	Equity (*)
USD	1.930.828	2.057.311	72.678	187.780
EUR	153.695	364.484	36.466	247.414
Other Currencies	(129.353)	(129.353)	(129.924)	(129.924)
Total (Net) (**)	1.955.170	2.292.442	(20.780)	305.270

(*) 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.

**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 SEPTEMBER 2020**

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

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)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	7.852.333	-	-	-	-	70.396.019	78.248.352
Banks	2.346.749	196.211	179.615	87.657	-	4.153.913	6.964.145
Financial Assets at Fair Value Through Profit and Loss	1.917.583	1.499.504	9.820.454	2.889.920	183.861	13.659	16.324.981
Money Markets Receivables	440.122	-	-	-	-	141.164	581.286
Financial Assets at Fair Value Through Other Comprehensive Income	8.435.671	22.430.257	47.334.249	63.552.851	38.827.102	845.164	181.425.294
Loans Given ⁽³⁾	143.203.522	52.232.836	127.411.952	252.651.470	60.408.379	3.962.339	639.870.498
Financial Assets Measured at Amortised Cost	40.185	46.450	9.881.890	15.791.671	4.075.761	-	29.835.957
Other Assets ⁽²⁾	645.346	2.595.315	1.726.879	127.929	1.093.946	32.212.735	38.402.150
Total Assets ⁽¹⁾⁽⁵⁾	164.881.511	79.000.573	196.355.039	335.101.498	104.589.049	111.724.993	991.652.663
Liabilities							
Interbank Deposits	21.728.728	8.762.726	110.884	859.210	-	6.229.724	37.691.272
Other Deposits	298.314.886	100.002.106	48.685.376	6.280.470	754.264	210.907.638	664.944.740
Money Markets Borrowings	86.201.418	4.007.907	1.544.032	1.354.408	-	-	93.107.765
Miscellaneous Payables	-	-	-	-	-	11.393.889	11.393.889
Issued Marketable Securities ⁽⁶⁾	1.013.457	2.947.341	4.605.018	23.446.320	-	-	32.012.136
Funds Provided from Other Financial Institutions	11.948.166	8.994.519	10.132.826	6.984.952	674.346	-	38.734.809
Other Liabilities ⁽⁴⁾	1.379.215	1.141.190	250.134	1.086.513	6.230.555	103.680.445	113.768.052
Total Liabilities ⁽¹⁾	420.585.870	125.855.789	65.328.270	40.011.873	7.659.165	332.211.696	991.652.663
Balance Sheet Long Position	-	-	131.026.769	295.089.625	96.929.884	-	523.046.278
Balance Sheet Short Position	(255.704.359)	(46.855.216)	-	-	-	(220.486.703)	(523.046.278)
Off-Balance Sheet Long Position	826.625	3.684.465	248.089	10	-	-	4.759.189
Off-Balance Sheet Short Position	331.018	10.701	90.832	-	(1.015.345)	-	(582.794)
Total Position	(254.546.716)	(43.160.050)	131.365.690	295.089.635	95.914.539	(220.486.703)	4.176.395

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

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

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

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

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

⁽⁶⁾ Includes subordinated debt instruments.

**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 SEPTEMBER 2020**

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

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
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	31.560.965	-	-	-	-	24.249.517	55.810.482
Banks	480.994	110.301	132.777	63.337	-	6.590.614	7.378.023
Financial Assets at Fair Value Through Profit and Loss	26.018	66.586	979.223	895.635	109.639	23	2.077.124
Money 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 ⁽³⁾	139.542.737	34.099.633	92.585.067	161.718.891	37.973.418	4.545.604	470.465.350
Financial Assets Measured at Amortised Cost	2.460.269	84.298	711.156	10.573.278	4.288.523	51.242	18.168.766
Other Assets ⁽²⁾	1.133.943	1.331.551	399.731	51.871	12.881	22.926.486	25.856.463
Total Assets ⁽¹⁾⁽⁵⁾	191.982.157	46.513.847	123.179.511	199.798.742	73.106.965	59.140.003	693.721.225
Liabilities							
Interbank Deposits	20.755.815	6.904.302	589.744	25.643	-	3.205.124	31.480.628
Other Deposits	194.125.482	70.974.614	50.804.129	3.774.835	1.786.391	126.982.447	448.447.898
Money 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 ⁽⁴⁾	1.403.809	147.478	422.109	1.459.280	5.227.647	88.714.520	97.374.843
Total Liabilities ⁽¹⁾	264.946.368	91.035.769	71.214.570	31.703.238	7.697.269	227.124.011	693.721.225
Balance Sheet Long Position	-	-	51.964.941	168.095.504	65.409.696	-	285.470.141
Balance Sheet Short Position	(72.964.211)	(44.521.922)	-	-	-	(167.984.008)	(285.470.141)
Off-Balance Sheet Long Position	1.186.774	141.045	3.419	6	-	129.611	1.460.855
Off-Balance Sheet Short Position	1.047.681	74.152	(85.481)	-	-	-	1.036.352
Total Position	(70.729.756)	(44.306.725)	51.882.879	168.095.510	65.409.696	(167.854.397)	2.497.207

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

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

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

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

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

**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 SEPTEMBER 2020**

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

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
Current Period ⁽⁴⁾				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	7,00
Banks	4,30	0,50	-	13,45
Financial Assets at Fair Value Through Profit or Loss	-	5,36	-	7,13
Money Markets Receivables	-	-	-	10,78
Financial Assets at Fair Value Through Other Comprehensive Income	2,86	4,75	-	10,00
Loans Given ⁽²⁾	4,64	5,28	5,95	10,54
Financial Assets Measured at Amortised Cost	4,90	7,47	-	10,33
Liabilities				
Interbank Deposits	0,19	0,25	-	11,80
Other Deposits	0,43	1,77	-	9,84
Money Markets Borrowings	-	2,36	-	11,60
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities ⁽³⁾	5,08	4,87	-	14,56
Funds Provided from Other Financial Institutions	1,63	2,72	-	10,96

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

⁽²⁾ Credit card loans are not included.

⁽³⁾ Subordinated debt instruments are included

⁽⁴⁾ Foreign branches are excluded.

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

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

⁽²⁾ Credit card loans are not included.

⁽³⁾ Subordinated debt instruments are included

⁽⁴⁾ Foreign branches are excluded.

**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 SEPTEMBER 2020**

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

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

IV. EXPLANATIONS ON THE POSITION RISK OF CONSOLIDATED 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 (*)	206.719	206.719	-

(*) The market values are taken into account as fair values because the equity investments are not traded in the stock exchange and for those whose fair value cannot be determined.

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 and for those whose fair value cannot be determined.

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 206.719 and all of them are 100% risk weighted (31 December 2019: are amounted TL 163.902 and all of them are 100% risk weighted).

**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 SEPTEMBER 2020**

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

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

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”.

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.

**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 SEPTEMBER 2020**

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

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: July FC 313,96, TL + FC 133,65; August FC 383,43, TL + FC 129,83; September was realized as FC 301,93, TL + FC 137,57 (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).

**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 SEPTEMBER 2020**

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

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)

Current Period	Total Unweighted Amount ^(*)		Total Weighted Amount ^(*)	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			166.368.523	76.213.771
Cash Outflows				
Retail and Small Business Customers, of which;	429.605.086	220.850.511	36.833.272	22.084.409
Stable deposits	122.544.727	12.841	6.127.236	642
Less stable deposits	307.060.359	220.837.670	30.706.036	22.083.767
Unsecured wholesale funding, of which;	224.362.096	82.609.656	109.051.283	41.981.791
Operational deposit	14.126.013	1.659.589	3.522.479	405.873
Non-operational deposits	176.930.612	70.156.844	78.503.848	30.930.752
Other unsecured funding	33.305.471	10.793.223	27.024.956	10.645.166
Secured funding			-	-
Other cash outflows, of which;	78.066.685	10.370.590	8.580.793	4.366.311
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.504.587	2.291.095	2.504.587	2.291.095
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	75.562.098	8.079.495	6.076.206	2.075.216
Other revocable off-balance sheet commitments and contractual obligations	7.308.351	7.308.351	365.418	365.418
Other irrevocable or conditionally revocable off-balance sheet obligations	60.651.698	39.359.598	3.446.393	1.983.535
Total Cash Outflows			158.277.159	70.781.464
Cash Inflows				
Secured lending	-	-	-	-
Unsecured lending	45.648.779	23.886.407	31.797.877	18.084.336
Other cash inflows	1.617.849	30.359.425	1.610.446	30.352.022
Total Cash Inflows	47.266.628	54.245.832	33.408.323	48.436.358
			Upper Limit Applied Amounts	
TOTAL HQLA STOCK			166.368.523	76.213.771
TOTAL NET CASH OUTFLOWS			124.868.836	22.345.106
LIQUIDITY COVERAGE RATIO (%)			133,23	341,08

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

**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 SEPTEMBER 2020**

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

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 ^(*)		Total Weighted Amount ^(*)	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			106.986.311	57.969.988
Cash Outflows				
Retail and Small Business Customers, of which;	305.160.810	149.261.517	26.002.445	14.926.062
Stable deposits	90.272.718	1.789	4.513.636	89
Less stable deposits	214.888.092	149.259.728	21.488.809	14.925.973
Unsecured wholesale funding , of which;	133.754.751	53.572.752	69.342.008	28.051.940
Operational deposit	7.865.281	842.792	1.957.900	202.278
Non-operational deposits	106.969.221	46.342.658	52.011.548	21.593.925
Other unsecured funding	18.920.249	6.387.302	15.372.560	6.255.737
Secured funding			-	-
Other cash outflows, of which;	62.216.808	6.758.784	7.125.122	2.150.741
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.236.035	487.363	2.236.035	487.363
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	59.980.773	6.271.421	4.889.087	1.663.378
Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	52.167.084	31.258.133	2.859.625	1.581.286
Total Cash Outflows			105.329.200	46.710.029
Cash Inflows				
Secured lending			-	-
Unsecured lending	46.299.477	23.410.598	31.145.755	17.763.221
Other cash inflows	1.361.923	43.519.136	1.346.154	43.503.367
Total Cash Inflows	47.661.400	66.929.734	32.491.909	61.266.588
			Upper Limit Applied Amounts	
Total HQLA Stock			106.986.311	57.969.988
Total Net Cash Outflows			72.837.291	11.677.507
Liquidity Coverage Ratio (%)			146,88	496,42

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

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.

**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 SEPTEMBER 2020**

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

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.

**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 SEPTEMBER 2020**

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

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 ⁽¹⁾	Total
Current Period								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	28.235.794	49.979.321	-	-	-	-	33.237	78.248.352
Banks	4.153.914	2.358.211	207.753	156.610	87.657	-	-	6.964.145
Financial Assets at Fair Value Through Profit and Loss	13.659	1.900.492	1.499.504	9.820.452	2.907.013	183.861	-	16.324.981
Money Markets Receivables	402.233	179.053	-	-	-	-	-	581.286
Financial Assets at Fair Value Through Other Comprehensive Income	264.180	1.465.124	4.568.619	21.739.987	96.746.576	55.938.316	702.492	181.425.294
Loans Given	106.188	24.718.100	61.835.610	178.295.161	286.036.517	84.916.583	3.962.339	639.870.498
Investments Held-to-Maturity	-	40.184	46.450	2.626.228	15.791.671	11.331.424	-	29.835.957
Other Assets	12.535.725	486.174	3.043.493	2.214.322	127.929	1.050.446	18.944.061	38.402.150
Total Assets ⁽²⁾	45.711.693	81.126.659	71.201.429	214.852.760	401.697.363	153.420.630	23.642.129	991.652.663
Liabilities								
Interbank Deposits	6.229.724	21.728.728	8.762.726	110.884	859.210	-	-	37.691.272
Other Deposits	210.907.638	298.314.109	99.888.278	48.631.318	6.446.143	757.254	-	664.944.740
Funds Provided from Other Financial Institutions	-	624.033	2.344.333	17.664.566	13.983.108	4.118.769	-	38.734.809
Money Markets Borrowings	-	86.201.418	4.007.907	1.544.032	1.354.408	-	-	93.107.765
Issued Marketable Securities ⁽³⁾	-	1.013.457	2.948.152	4.604.207	23.446.320	-	-	32.012.136
Miscellaneous Payables	3.029.311	8.076.755	-	-	-	-	287.823	11.393.889
Other Liabilities	14.043.459	2.077.256	1.158.989	250.134	1.086.513	7.841.954	87.309.747	113.768.052
Total Liabilities	234.210.132	418.035.756	119.110.385	72.805.141	47.175.702	12.717.977	87.597.570	991.652.663
Liquidity Gap	(188.498.439)	(336.909.097)	(47.908.956)	142.047.619	354.521.661	140.702.653	(63.955.441)	-
Net Off-Balance Sheet Position	(10.722)	(671.654)	813.073	1.899.591	10	320.535	-	2.350.833
Financial Derivative Assets	1.189.598	84.110.405	30.270.287	10.853.918	7.740	1.335.880	-	127.767.828
Financial Derivative Liabilities	1.200.320	84.782.059	29.457.214	8.954.327	7.730	1.015.345	-	125.416.995
Non-cash Loans	47.726.296	5.466.571	12.781.582	46.935.645	38.706.428	6.127.064	376.016	158.119.602
Prior Period								
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
Liquidity Gap	(102.378.175)	(204.945.967)	(49.514.285)	114.421.823	216.705.850	81.363.529	(55.652.775)	-
Net Off-Balance Sheet Position	-	105.413	(8.583)	(88.029)	670.218	18.825	-	697.844
Financial Derivative Assets	-	70.479.265	25.168.990	6.820.549	1.357.756	735.875	-	104.562.435
Financial Derivative Liabilities	-	70.373.852	25.177.573	6.908.578	687.538	717.050	-	103.864.591
Non-cash Loans	42.650.170	6.515.165	12.406.400	38.396.519	26.266.400	5.260.088	201.418	131.696.160

(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.

**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 SEPTEMBER 2020**

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

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 8,18% (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%.

Balance sheet assets	Current Period ^(*)	Prior Period ^(*)
On-balance sheet items (excluded derivative financial instruments and credit derivatives, included collateral)	948.078.823	673.691.992
(Assets deducted in determining Tier 1 capital)	(5.690.406)	(3.562.075)
Total on-balance sheet risks (sum of lines 1 and 2)	942.388.417	670.129.917
Derivative financial instruments and credit derivatives		
Replacement cost associated with all derivative financial instruments and credit Derivatives	6.524.109	2.575.393
Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	1.766.886	1.622.384
Total risks of derivative financial instruments and credit derivatives	8.290.995	4.197.777
Securities or commodity financing transactions (SCFT)		
Risks from SCFT assets	14.250.998	8.795.353
Risks from brokerage activities related exposures	-	-
Total risks related with securities or commodity financing transactions	14.250.998	8.795.353
Other off-balance sheet transactions		
Gross notional amounts of off-balance sheet transactions	239.440.571	197.379.048
(Adjustments for conversion to credit equivalent amounts)	(6.504.053)	(4.251.413)
Total risks of off-balance sheet items	232.936.518	193.127.635
Capital and total risks		
Tier 1 capital	97.943.715	80.977.302
Total risks	1.197.866.928	876.250.682
Leverage ratio		
Leverage ratio %	8,18	9,24

^(*) 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

	Current Period ^(*)	Prior Period ^(*)
Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards ^(**)	991.942.620	694.363.407
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”	289.957	642.182
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	307.812.962	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	55.140.010	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	6.504.053	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	(62.866.900)	(48.511.359)
Total Risk Amount	1.197.866.928	876.250.682

^(*) The amounts shown in the table are 3 month averages.

^(**) The current year balance of the Consolidated Financial Statements prepared in accordance with paragraph 6 of Article 5 of the Communiqué on Preparation of Consolidated Financial Statements of Banks has been prepared by using the temporary financial statements dated 30 September 2020 of the nonfinancial subsidiaries.

**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 SEPTEMBER 2020**

(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

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)	540.844.180	464.023.607	43.267.534
2	Standardised approach	540.844.180	464.023.607	43.267.534
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	5.934.544	5.889.919	474.764
5	Standardised approach for counterparty credit risk	5.934.544	5.889.919	474.764
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	2.867.697	2.367.231	229.416
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	55.911.484	28.277.041	4.472.919
17	Standardised approach	55.911.484	28.277.041	4.472.919
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	Total (1+4+7+8+9+10+11+12+16+19+23+24)	648.698.551	539.203.074	51.895.885

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 “Finart” IT system, which is working in a centralized manner, the Bank has the technical infrastructure required by modern banking to meet its clients’ needs.

**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 SEPTEMBER 2020**

(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)

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 September 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”.

**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 SEPTEMBER 2020**

(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

Current Period	Retail Banking	Corporate/ Entrepreneur banking	Specialized Banking	Treasury/ Investment Banking	Consolidation Corrections	Other/ Undistributed	Total
OPERATING INCOME/EXPENSE							
Interest Income	11.477.713	18.683.830	6.288.910	16.476.107	-	476.560	53.403.120
Interest Income from Loans	11.477.713	18.683.830	6.288.910	4.734.563	-	-	41.185.016
Interest Income from Banks	-	-	-	103.119	-	-	103.119
Interest Income from Securities	-	-	-	11.498.278	-	-	11.498.278
Other Interest Income	-	-	-	140.147	-	476.560	616.707
Interest Expense	9.760.202	5.196.596	-	6.652.597	-	1.119.049	22.728.444
Interest Expense on Deposits	9.760.202	5.196.596	-	1.108.950	-	-	16.065.748
Interest Expense on Funds Borrowed	-	-	-	1.042.234	-	-	1.042.234
Interest Expense on Money Market Transactions	-	-	-	3.082.466	-	-	3.082.466
Interest Expense on Securities Issued	-	-	-	1.418.947	-	-	1.418.947
Other Interest Expense	-	-	-	-	-	1.119.049	1.119.049
Net Interest Income/Expense	1.717.511	13.487.234	6.288.910	9.823.510	-	(642.489)	30.674.676
Net Fees and Commission Income/Expense	1.824.023	1.251.407	92.855	(828.486)	-	113.935	2.453.734
Fees and Commissions Received	1.825.319	1.265.233	92.855	3.873	-	673.846	3.861.126
Fees and Commissions Paid	1.296	13.826	-	832.359	-	559.911	1.407.392
Dividend Income	-	-	-	1.113.943	(1.112.359)	-	1.584
Trading Profit/Loss (Net)	-	-	-	(6.959.818)	-	14.057	(6.945.761)
Other Operating Income	38.827	227.517	18.548	3.984	-	2.331.775	2.620.651
Provision for Expected Loss (-)	2.168.770	4.707.638	984.363	-	-	215.332	8.076.103
Other Provision Expenses (-)	34	188	-	20.670	-	2.247.931	2.268.823
Personnel Expenses (-)	-	-	-	-	-	3.760.257	3.760.257
Other Operating Expense	2.482.237	119.005	52.808	-	-	3.807.562	6.461.612
Net Operating Profit/Loss	(1.070.680)	10.139.327	5.363.142	3.132.463	(1.112.359)	(8.213.804)	8.238.089
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	30.620	11.974	42.594
Tax Provision	-	-	-	-	-	(2.403.285)	(2.403.285)
Discontinued Operations Profit / Loss Before Taxes	-	-	-	-	-	1.937.973	1.937.973
Discontinued Operations Tax Provision	-	-	-	-	-	(81.405)	(81.405)
Net Profit/Loss	(1.070.680)	10.139.327	5.363.142	3.132.463	(1.081.739)	(8.748.547)	7.733.966
SEGMENT ASSETS							
Financial Assets at FV Through P/L Banks and Receivables from Money Market	-	-	-	16.324.981	-	-	16.324.981
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	7.545.431	-	-	7.545.431
Loans	180.789.736	355.322.082	81.472.525	181.423.778	1.516	2.488	639.870.498
Financial Assets Measured at Amortised Cost (Net)	-	-	-	22.283.667	-	-	22.283.667
Derivative Financial Assets	-	-	-	29.835.957	-	-	29.835.957
Associates, Subsidiaries and Entities under Common Control	-	-	-	5.843.653	-	-	5.843.653
Other Assets	10.183	5.096.269	117.382	13.415.462	(12.170.912)	-	124.565.550
Total Segment Assets	180.799.919	360.418.351	81.589.907	343.361.617	(11.885.359)	37.368.228	991.652.663
SEGMENT LIABILITIES							
Deposits	453.093.329	177.171.836	-	33.925.647	-	38.445.200	702.636.012
Derivative Financial Liabilities Held for Trading	-	-	-	3.165.840	-	-	3.165.840
Funds Borrowed	-	-	-	38.734.809	-	-	38.734.809
Money Markets Borrowings	9.841	45.459.689	-	47.638.235	-	-	93.107.765
Securities Issued (Net)	-	-	-	19.208.410	-	-	19.208.410
Provisions	-	1.376.301	-	-	-	5.188.410	6.564.711
Other Liabilities	-	-	-	-	(2.190)	42.013.922	42,011,732
Shareholders' Equity	-	-	-	-	(11.883.168)	98.106.552	86,223,384
Total Segment Liabilities	453.103.170	224.007.826	-	142.672.941	(11.885.358)	183.754.084	991.652.663

**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 SEPTEMBER 2020**

(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 (Continued)

Prior Period	Retail Banking	Corporate/ Entrepreneur banking	Specialized Banking	Treasury/ Investment Banking	Consolidation Corrections	Other/ Undistributed	Total
OPERATING INCOME/EXPENSE							
30 September 2019							
Interest Income	10.802.756	20.789.206	6.099.298	14.229.605	-	449.838	52.370.703
Interest Income from Loans	10.802.756	20.789.206	6.099.298	4.146.959	-	-	41.838.219
Interest Income from Banks	-	-	-	553.640	-	-	553.640
Interest Income from Securities	-	-	-	9.075.731	-	-	9.075.731
Other Interest Income	-	-	-	453.275	-	449.838	903.113
Interest Expense	14.970.824	5.846.890	-	12.502.763	-	292.900	33.613.377
Interest Expense on Deposits	14.970.824	5.846.890	-	2.296.134	-	-	23.113.848
Interest Expense on Funds Borrowed	-	-	-	1.308.439	-	-	1.308.439
Interest Expense on Money Market Transactions	-	-	-	7.607.654	-	-	7.607.654
Interest Expense on Securities Issued	-	-	-	1.290.536	-	-	1.290.536
Other Interest Expense	-	-	-	-	-	292.900	292.900
Net Interest Income/Expense	(4.168.068)	14.942.316	6.099.298	1.726.842	-	156.938	18.757.326
Net Fees and Commission Income/Expense	2.271.754	1.658.686	85.748	(1.371.898)	-	(240.205)	2.404.085
Fees and Commissions Received	2.279.015	1.664.260	85.748	9.609	-	36.412	4.075.044
Fees and Commissions Paid	7.261	5.574	-	1.381.507	-	276.617	1.670.959
Dividend Income	-	-	-	1.062.919	(1.040.297)	-	22.622
Trading Profit/Loss (Net)	-	-	-	(6.225.025)	-	(14.875)	(6.239.900)
Other Operating Income	86.574	296.836	20.924	34.740	-	3.122.067	3.561.141
Provision for Expected Loss (-)	885.098	2.396.425	535.370	-	-	95.657	3.912.550
Other Provision Expense	28.925	3.290	-	1.064	-	43.860	77.139
Personnel Expense (-)	-	-	-	-	-	2.889.665	2.889.665
Other Operating Expense	1.620.864	39.760	43.660	1.482	-	4.124.653	5.830.419
Net Operating Profit/Loss	(4.344.627)	14.458.363	5.626.940	(4.774.968)	(1.040.297)	(4.129.910)	5.795.501
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	20.204	21.672	41.876
Tax Provision	-	-	-	-	-	(1.335.661)	(1.335.661)
Net Profit/Loss	(4.344.627)	14.458.363	5.626.940	(4.774.968)	(1.020.093)	(5.443.899)	4.501.716
SEGMENT ASSETS							
31 December 2019							
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
TOTAL SEGMENT ASSETS	120.940.047	260.987.428	70.558.929	223.608.815	(7.396.665)	25.022.671	693.721.225
SEGMENT LIABILITIES							
31 December 2019							
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
TOTAL SEGMENT LIABILITIES	338.853.315	121.255.220	-	106.063.481	(7.412.810)	134.962.019	693.721.225

**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 SEPTEMBER 2020**

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

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	1.772.754	3.993.047	2.096.092	2.744.823
Central Bank of the Republic of Turkey	4.299.128	67.015.714	851.533	47.135.173
Other	300	1.170.654	-	2.984.645
Total	6.072.182	72.179.415	2.947.625	52.864.641

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, 5%-24% for FX deposits and 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	4.150.574	17.178.316	740.936	15.680.921
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	1.525	-	-
Other ⁽¹⁾	148.554	49.835.873	110.597	31.454.252
Total	4.299.128	67.015.714	851.533	47.135.173

(1) Includes required reserves and CBRT restricted electronic money funds amounting to TL3.950. Required reserve of branches abroad amounting to TL 232.513 is presented in this line. TL 3.849.172 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).

**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 SEPTEMBER 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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	797.344	-
Assets Blocked/Given as Collateral	15.044.188	-
Total	15.841.532	-

3. Positive Differences Statement Regarding Trading Derivative Financial Assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	247.436	2.063	156.574	25.329
Swap Transactions	3.699.804	1.894.350	1.139.190	1.473.623
Futures Transactions	-	-	-	-
Options	-	-	-	21
Other	-	-	-	-
Total	3.947.240	1.896.413	1.295.764	1.498.973

4. Information on Bank Account and Foreign Banks

4.1. Information on Bank Balances

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	3.382	2.776.228	3.318	196.788
Foreign	69.091	4.123.287	127.754	7.055.025
Foreign Head Office and Branches	-	-	-	-
Total	72.473	6.899.515	131.072	7.251.813

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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	74.399.578	50.621.551
Assets Blocked/Given as Collateral	55.637.659	30.621.149
Total	130.037.237	81.242.700

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

	Current Period	Prior Period
Debt Securities	186.739.523	114.912.189
Quoted at Stock Exchange	184.869.881	114.349.056
Unquoted at Stock Exchange	1.869.642	563.133
Share Certificates	732.310	564.533
Quoted at Stock Exchange	511.013	376.658
Unquoted at Stock Exchange	221.297	187.875
Provision for Impairment (-)	6.046.539	2.133.452
Total	181.425.294	113.343.270

**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 SEPTEMBER 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)

7. Information Related to Loans

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Direct Loans Granted to Shareholders	-	-	-	-
Granted loans to Legal Entity Partners	-	-	-	-
Granted loans to Individual Partners	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees ^{(1) (2)}	675.713	-	485.525	-
Total	675.713	-	485.525	-

(1) Interest rediscount and interest accrual amounting TL 4.319, 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 18.321, 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 Loans with revised contract terms Refinancing
Cash Loans			
Non-Specialized Loans	507.540.478	24.557.999	14.425.735 -
Commercial Loans	298.057.672	13.374.394	14.236.423 -
Export Loans	6.462.945	867.890	- -
Import Loans	540.012	-	- -
Loans Given to Financial Sector	5.897.049	8.840.106	- -
Consumer Loans	170.162.390	1.194.493	184.491 -
Credit Cards	14.562.428	204.823	3.652 -
Other	11.857.982	76.293	1.169 -
Specialized Loans ^{(1) (2)}	74.713.062	1.372.574	1.252.562 -
Other Receivables	-	-	- -
Interest Income Accruals	11.531.594	4.033.438	842.137 -
Total	593.785.134	29.964.011	16.520.434 -

(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 Loans with revised contract terms Refinancing
Cash Loans			
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 ^{(1) (2)}	63.022.874	2.283.220	898.711 -
Other Receivables	-	-	- -
Interest Income Accruals	8.922.676	2.715.192	520.358 -
Total	435.042.851	22.833.812	8.550.797 -

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

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

**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 SEPTEMBER 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)

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	2.325.146	-	1.484.228	-
Significant Increase in Credit Risk	-	6.927.452	-	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	765.045	167.290.487	168.055.532
Mortgage Loans ⁽²⁾	9.260	95.870.860	95.880.120
Automotive Loans	8.805	1.077.266	1.086.071
Consumer Loans ⁽²⁾	746.980	70.342.361	71.089.341
Other	-	-	-
Consumer Loans- Indexed to FC	105	754.852	754.957
Mortgage Loans	-	12.120	12.120
Automotive Loans	-	220	220
Consumer Loans	-	3.938	3.938
Other	105	738.574	738.679
Consumer Loans-FC	33.396	568.045	601.441
Mortgage Loans	457	189.187	189.644
Automotive Loans	142	13.109	13.251
Consumer Loans	1.997	144.006	146.003
Other	30.800	221.743	252.543
Consumer Credit Cards-TL	8.100.522	199.648	8.300.170
With Installment	2.611.586	187.558	2.799.144
Without Installment	5.488.936	12.090	5.501.026
Consumer Credit Cards-FC	57.071	2.282	59.353
With Installment	-	-	-
Without Installment	57.071	2.282	59.353
Personnel Loans-TL	17.816	424.803	442.619
Mortgage Loans	-	131	131
Automotive Loans	-	100	100
Consumer Loans	17.816	424.572	442.388
Other	-	-	-
Personnel Loans-Indexed to FC	9	13.471	13.480
Mortgage Loans	-	3.237	3.237
Automotive Loans	-	-	-
Consumer Loans	9	10.234	10.243
Other	-	-	-
Personnel Loans-FC	15.937	33.830	49.767
Mortgage Loans	-	8.449	8.449
Automotive Loans	-	386	386
Consumer Loans	519	13.325	13.844
Other	15.418	11.670	27.088
Personnel Credit Cards-TL	161.148	7.238	168.386
With Installment	62.550	7.000	69.550
Without Installment	98.598	238	98.836
Personnel Credit Cards-FC	1.461	-	1.461
With Installment	-	-	-
Without Installment	1.461	-	1.461
Credit Deposit Account-TL (Real Person)	1.623.533	-	1,623,533
Credit Deposit Account-FC (Real Person)	45	-	45
Total ⁽¹⁾	10.776.088	169.294.656	180.070.744

⁽¹⁾ TL 1.044.684 of interest income rediscount and accrual is not included.

⁽²⁾ Funds originated consumer loans amounting to TL 3.944.758 are included.

**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 SEPTEMBER 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)

7. Information Related to Loans (Continued)

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

Prior Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	1.129.293	108.555.639	109.684.932
Mortgage Loans ⁽²⁾	17.171	66.746.547	66.763.718
Automotive Loans	9.468	484.696	494.164
Consumer Loans ⁽²⁾	1.102.654	41.324.396	42.427.050
Other	-	-	-
Consumer Loans- Indexed to FC	-	187.594	187.594
Mortgage Loans	-	22.540	22.540
Automotive Loans	-	10	10
Consumer Loans	-	79.630	79.630
Other	-	85.414	85.414
Consumer Loans-FC	7.363	665.150	672.513
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	7.013.410	189.176	7.202.586
With Installment	2.484.024	181.398	2.665.422
Without Installment	4.529.386	7.778	4.537.164
Consumer Credit Cards-FC	41.943	-	41.943
With Installment	41.181	-	41.181
Without Installment	762	-	762
Personnel Loans-TL	21.572	278.144	299.716
Mortgage Loans	-	228	228
Automotive Loans	-	92	92
Consumer Loans	21.572	277.143	298.715
Other	-	681	681
Personnel Loans-Indexed to FC	-	11.530	11.530
Mortgage Loans	-	3.650	3.650
Automotive Loans	-	-	-
Consumer Loans	-	2.461	2.461
Other	-	5.419	5.419
Personnel Loans-FC	178	17.387	17.565
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	148.749	6.658	155.407
With Installment	56.923	6.508	63.431
Without Installment	91.826	150	91.976
Personnel Credit Cards-FC	1.307	-	1,307
With Installment	1.256	-	1.256
Without Installment	51	-	51
Credit Deposit Account-TL (Real Person)	1.718.010	-	1.718.010
Credit Deposit Account-FC (Real Person)	59	-	59
Total ⁽¹⁾	10.081.884	109.911.278	119.993.162

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

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

**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 SEPTEMBER 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)

7. Information Related to Loans (Continued)

7.4. Information on Commercial Installment Loans and Corporate Credit Cards

Current Period	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans- TL	2.594.046	110.594.052	113.188.098
Mortgage Loans	2.820	1.411.906	1.414.726
Automotive Loans	103.758	1.833.780	1.937.538
Consumer Loans	2.487.468	107.348.366	109.835.834
Other	-	-	-
Commercial Installement Loans- FC Indexed	262.274	277.377	539.651
Mortgage Loans	-	-	-
Automotive Loans	-	4.078	4.078
Consumer Loans	-	-	-
Other	262.274	273.299	535.573
Commercial Installment Loans- FC	726.957	37.551.249	38.278.206
Mortgage Loans	25.153	52.634	77.787
Automotive Loans	-	38.405	38.405
Consumer Loans	12.768	36.393.142	36.405.910
Other	689.036	1.067.068	1.756.104
Corporate Credit Cards- TL	6.180.654	58.958	6.239.612
With Installment	2.579.449	58.958	2.638.407
Without Installment	3.601.205	-	3.601.205
Corporate Credit Cards- FC	1.921	-	1.921
With Installment	-	-	-
Without Installment	1.921	-	1.921
Overdraft Account-TL (Legal Entity)	706.446	-	706.446
Overdraft Account-FC (Legal Entity)	42.045	-	42.045
Total ⁽¹⁾	10.514.343	148.481.636	158.995.979

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

Prior Period	Short-Term	Medium and Long-Term	Total
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)	-	-	-
Total ⁽¹⁾	7.212.647	82.734.335	89.946.982

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

**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 SEPTEMBER 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)

7. Information Related to Loans (Continued)

7.5. Distribution of Domestic and Foreign Loans

	Current Period	Prior Period
Domestic Loans	602.230.594	438.050.832
Foreign Loans	21.631.816	16.218.402
Interest Income Accruals of Loans	16.407.169	12.158.226
Total	640.269.579	466.427.460

7.6. Loans Granted to Investments in Associates and Subsidiaries

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	211.234	115.055
Indirect loans granted to subsidiaries and associates	-	-
Total	211.234	115.055

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

	Current Period	Prior Period
Loans and other receivables with limited collectability	1.157.266	1.037.244
Loans and other receivables with doubtful collectability	1.035.239	1.596.085
Uncollectible loans and other receivables	9.358.700	6.569.199
Total	11.551.205	9.202.528

7.8. Information on Non-Performing Loans (Net)

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

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Current Period			
Gross amounts before the provisions	24.410	140.060	492.174
Rescheduled Loans	24.410	140.060	492.174
Prior Period			
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

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Prior Period Ending Balance	2.958.436	3.390.090	8.182.904
Additions (+)	1.918.369	535.819	750.586
Transfers from Other Categories of Non-Performing Loans (+)	-	2.836.619	4.057.710
Transfers to Other Categories of Non-Performing Loans (-)	2.836.619	4.057.710	-
Collections (-) ⁽¹⁾	238.435	806.637	1.177.588
Write-offs (-)	-	-	-
Sold Portfolio	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	1.801.751	1.898.181	11.813.612
Provision (-)	1.157.266	1.035.239	9.358.700
Net Balance at Balance Sheet	644.485	862.942	2.454.912

⁽¹⁾ Includes transfers to the first and second group loans amounting to TL 517.570.

**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 SEPTEMBER 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)

7. Information Related to Loans (Continued)

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

	Group III Loans and other receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and other receivables
Current Period			
Balance at the End of the Period	1.379.725	245.246	377.278
Provision (-)	987.994	157.376	323.225
Net Balance on Balance Sheet	391.731	87.870	54.053
Prior Period			
Balance at the End of the Period	981.661	36.786	176.860
Provision (-)	351.548	27.662	118.767
Net Balance on Balance Sheet	630.113	9.124	58.093

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

	Group III Loans and other receivables with limited collectability	Group IV Loans and other receivables with doubtful collectability	Group V Uncollectible loans and other receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	1.801.751	1.898.181	11.665.508
Provisions (-)	1.157.266	1.035.239	9.210.596
Loans to Real Persons and Legal Entities (Net)	644.485	862.942	2.454.912
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	148.104
Provisions (-)	-	-	148.104
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	1.921.192	1.794.005	1.613.705
Loans to Real Persons and Legal Entities (Gross)	2.958.436	3.390.090	8.036.937
Provisions (-)	1.037.244	1.596.085	6.423.232
Loans to Real Persons and Legal Entities (Net)	1.921.192	1.794.005	1.613.705
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	145.967
Provisions (-)	-	-	145.967
Other Loans and Receivables (Net)	-	-	-

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

	Group III Loans and other receivables with limited collectability	Group IV Loans and other receivables with doubtful collectability	Group V Uncollectible loans and other receivables
Current Period (Net)			
Interest Accruals and Valuation Differences	61.185	129.643	563.782
Provisions (-)	36.649	88.915	397.346
Current Period (Net)	118.907	141.858	66.952
Interest Accruals and Valuation Differences	176.670	304.558	247.365
Provisions (-)	57.763	162.700	180.413

**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 SEPTEMBER 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)

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	3.386.367	2.051.476	1.989.088	2.104.824
Treasury Bonds	-	-	-	-
Other Government Debts	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	3.386.367	2.051.476	1.989.088	2.104.824

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	8.339.920	14.684.155	2.021.297	10.404.413
Other	-	-	-	-
Total	8.339.920	14.684.155	2.021.297	10.404.413

8.2. Information on Government Debt Securities at Amortised Cost

	Current Period	Prior Period
Government Debt	28.849.047	17.449.581
Treasury Bills	-	-
Other Public Sector Debt Securities	865.528	610.381
Total	29.714.575	18.059.962

8.3 Information on Financial Assets Measured at Amortised Cost

	Current Period	Prior Period
Debt Securities	29.841.360	18.171.734
Quoted at Stock Exchange	28.823.862	17.485.773
Unquoted at Stock Exchange	1.017.498	685.961
Impairment (-)	170	119
Total	29.841.190	18.171.615

8.4 The Movement of Financial Assets at Amortised Costs

	Current Period	Prior Period
Balance at the Beginning of the Period	18.171.615	10.282.545
Foreign Currency Differences on Monetary Assets	4.552.282	573.347
Purchases During the Year ⁽¹⁾	8.004.300	11.191.088
Disposals through Sales and Redemptions	(886.837)	(3.875.246)
Impairment Provision (-)	170	119
Balance at the End of the Period	29.841.190	18.171.615

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

**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 SEPTEMBER 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)

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	8,81
2	Kredi Kayıt Bürosu A.Ş.	Istanbul/Turkey	10,00	9,09
3	Platform Ortak Kartlı Sistemler A.Ş.	Istanbul/Turkey	33,33	20,00
4	Bileşim Finansal Teknolojiler ve Odeme Sistemleri A.Ş.	Istanbul/Turkey	33,33	33,34
5	Keskinoğlu Tavukçuluk ve Damızlık İşl. San. Tic. A.Ş.	Manisa/Turkey	32,60	32,60

	Total Assets ⁽²⁾	Shareholders’ Equity ⁽²⁾	Total Non- Current Assets ⁽²⁾⁽³⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit / Loss ⁽²⁾	Prior Period Profit / Loss ⁽²⁾	Fair Value ⁽¹⁾
1	272.800	217.454	85.960	6.665	-	35.413	28.503	-
2	368.400	215.441	197.473	4.781	-	43.190	26.579	-
3	5.250	5.250	-	-	-	-	-	-
4	82.474	49.867	17.248	1.497	-	1.852	12.627	-
5	120.953	(1.427.655)	165.892	705	-	(339.200)	(172.237)	-

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

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

⁽³⁾ 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 ⁽²⁾	Shareholders’ Equity ⁽²⁾	Total Non- Current Assets ⁽²⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit / Loss ⁽²⁾	Prior Period Profit / Loss ⁽²⁾	Fair Value ⁽¹⁾
1	5.979.969	1.121.097	148.569	120.682	56.598	73.109	149.385	-

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

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

9.3. Information on Financial Associates

	Current Period	Prior Period
Balance at the Beginning of the Period	162.465	133.745
Movement During the Period	10.520	28.720
Additions	-	-
Bonus Share Certificates	-	-
Dividends from Current Year Income	11.281	25.680
Transfer (-)	-	-
Sales/Liquidation	-	-
Revaluation Increase	-	3.040
Revaluation/Impairment	761	-
Balance at the End of the Period	172.985	162.465
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

**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 SEPTEMBER 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)

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

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

	Current Period	Prior Period
Banks	172.985	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

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

	Total Assets ⁽²⁾	Shareholders’ Equity ⁽²⁾	Total Non- Current Assets ⁽²⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit/ Loss ⁽²⁾	Prior Period Profit / Loss ⁽²⁾	Fair Value ⁽¹⁾
1	78.906	15.508	4.199	926	-	(372)	(4.521)	-
2	835.296	124.486	353.498	1.553	-	28.341	9.816	-
3	48.120	1.765	5.980	-	-	(2.735)	(1.851)	-

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

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

**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 SEPTEMBER 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)

10. Information on Subsidiaries (Net) (Continued)

10.2. Information on Consolidated Subsidiaries

Financial subsidiaries 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.	Istanbul / Turkey	100,00	99,60
2	Ziraat Portföy Yönetimi A.Ş.	Istanbul / Turkey	100,00	99,80
3	Ziraat Katılım Bankası A.Ş.	Istanbul / Turkey	100,00	100,00
4	Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	Istanbul / Turkey	100,00	100,00
5	Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Istanbul / 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	569.981	319.573	4.583	42.604	-	205.549	62.204	-	-
2	131.487	119.833	3.461	7.053	-	48.087	26.771	-	-
3	46.111.646	3.314.462	295.084	1.664.730	280.470	138.382	210.150	3.277.972	-
4	4.848.152	4.080.694	4.093.325	2.303	-	49.979	25.321	4.738.386	-
5	910.651	909.210	1.206	19.919	-	40.386	101.524	912.389	-
6	12.286.062	2.289.861	29.885	227.343	984	64.669	87.692	1.689.179	-
7	4.681.328	295.777	62.372	85.006	-	5.865	4.538	276.932	-
8	879.997	331.510	12.781	51.455	411	25.016	19.759	268.876	-
9	2.006.790	603.202	65.382	97.971	-	70.960	26.482	435.713	-
10	1.260.224	321.809	89.975	48.403	2.110	3.746	6.428	228.372	-
11	666.062	152.058	10.535	18.724	1.104	2.540	866	115.791	-
12	303.500	133.963	15.970	8.815	2.852	1.097	6.345	113.798	-
13	735.955	237.931	16.414	38.566	-	26.796	35.564	138.316	-

(1) Cost values reflect their fair values for companies other than those whose fair values are specified. For the subsidiaries having fair value, fair value shows the portion belonging to Ziraat Bank.

(2) The amounts shown in the interest income column of Ziraat Katılım Bankası include profit share income.

(3) Information on Ziraat Katılım Bankası A.Ş. has been provided from limited reviewed financial statements as of 30 June 2020, the prior period profit/loss balances have been provided from limited reviewed financial statements as of 30 June 2019. Information on other subsidiaries shown in the table above has been provided from limited reviewed financial statements as of 30 September 2020, the prior period profit/loss balances have been provided from limited reviewed financial statements as of 30 September 2019.

**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 SEPTEMBER 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)

10. Information on Subsidiaries (Net) (Continued)

10.2. Information on Consolidated Subsidiaries (Continued)

(Reflects the values of the Parent Bank)

	Current Period	Prior Period
Balance at the Beginning of the Period	7.335.025	7.394.408
Movements During the Period	4.966.830	(59.383)
Additions to Scope of Consolidation	-	-
Purchases ⁽¹⁾	2.499.959	106.806
Bonus Shares Obtained	-	2.065
Dividends from current year income	-	-
Sales	-	-
Revaluation Increase ⁽²⁾	3.138.300	325.990
Impairment Provision (-)	671.429	364.273
Transfer (-)	-	129.971
Balance at the End of the Period	12.301.855	7.335.025
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

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

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

⁽³⁾ Non-financial subsidiaries are not included.

10.3. Sectoral Information on Subsidiaries and the Related Carrying Amounts

(Reflects the values of the Parent Bank)

	Current Period	Prior Period
Banks	6.544.950	5.178.895
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	5.756.905	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 on 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.

Entities under Common Control (Joint Ventures) ⁽¹⁾	Parent Bank's Share (%)	Group's Share (%)	Current Assets	Non- Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	50,00	50,00	6.614.791	18.001	9.541	125.559	55.112

⁽¹⁾ Information on entity under joint control is provided from the unaudited financial statements as of 30 September 2020.

**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 SEPTEMBER 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)

12. Information on Lease Receivables

Information on receivables from financial leasing transactions

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	108.257	106.099	71.065	70.080
1-5 Years	4.425.403	3.947.274	3.623.740	3.100.581
More than 5 Years	1.104.931	837.805	860.343	498.090
Total	5.638.591	4.891.178	4.555.148	3.668.751

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 5.325.379 (31 December 2019: TL 4.753.593) consisting of TL 10.183 (31 December 2019 TL: 18.767) due to consumer loans, TL 5.197.814 (31 December 2019: TL 4.584.056) on its commercial loans and TL 117.382 (31 December 2019: TL 150.770) on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL 1.088 (31 December 2019: TL 2.390)

For the purpose of transfer of shares belonging to the Bank representing 99,97% of the capital of Ziraat Sigorta A.Ş. and shares representing 99,97% of the capital of Ziraat Hayat ve Emeklilik A.Ş., TVF Financial Investments A.Ş. and seller As of April 22, 2020, a share transfer agreement was signed between the Bank, Ziraat Katılım Bank A.Ş., Ziraat Teknoloji A.Ş. and Ziraat Yatırım Menkul Değerler A.Ş. 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.

**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 SEPTEMBER 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)

16. Information on Tangible Assets

	Immovables	Immovables with Right of Use	Movables	Movables with Right of Use	Operational Leasing Development Costs	Other Tangibles	Total
Prior Period End							
Cost	7.431.539	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
Net Book Value	6.456.873	719.731	457.645	104.647	49.402	-	7.788.298
Current Period End							
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)	1.353.923	156.428	(22.674)	41.927	(5.311)	-	1.524.293
- Cost	1.261.188	216.179	89.644	79.439	13.874	-	1.660.324
- Depreciation (Net) (-)	(94.686)	59.751	112.318	37.512	19.185	-	134.080
- Impairment (-)	1.951	-	-	-	-	-	1.951
Net Currency Translation from Foreign Subsidiaries	(79.746)	19.274	(12.433)	12.739	3.394	-	(56.772)
Cost at Period End	8.612.981	1.073.745	1.527.059	246.760	329.877	-	11.790.422
Accumulated Depreciation at Period End (-)	876.551	178.312	1.103.903	87.447	282.392	-	2.528.605
Impairment (-)	5.380	-	618	-	-	-	5.998
Closing Net Book Value	7.731.050	895.433	422.538	159.313	47.485	-	9.255.819

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	3.245	1.784
Banks and Money Markets Receivables	7.880	4.884
Financial Assets Measured at Amortized Cost	5.233	2.849
Other	79.794	36.563
Total	96.152	46.080

20. Information on Other Assets

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

**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 SEPTEMBER 2020**

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

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	56.472.051	-	7.582.031	86.141.684	22.611.162	2.136.683	6.469.812	216.236	181.629.659
Foreign Currency Deposits	85.621.090	-	19.346.306	100.795.995	15.988.488	12.495.853	40.683.142	8.716	274.939.590
Residents in Turkey	69.292.905	-	18.146.026	85.460.749	9.722.195	4.532.481	11.713.050	6.850	198.874.256
Residents Abroad	16.328.185	-	1.200.280	15.335.246	6.266.293	7.963.372	28.970.092	1.866	76.065.334
Public Sector Deposits	13.868.196	-	34.727.146	10.068.137	835.577	299.766	65.997	-	59.864.819
Commercial Deposits	19.178.231	-	21.982.365	35.687.520	867.645	4.841.623	1.946.633	-	84.504.017
Other Institutions Deposits	2.812.162	-	3.043.813	14.773.676	1.186.480	401.028	675.704	-	22.892.863
Precious Metals Deposit	32.955.908	-	610.170	6.362.097	508.776	365.089	311.752	-	41.113.792
Interbank Deposits	6.229.724	-	19.645.962	4.514.670	1.472.836	5.757.133	70.947	-	37.691.272
The CBRT	4.421	-	-	-	-	-	-	-	4.421
Domestic Banks	294.289	-	18.650.252	187.106	-	90	-	-	19.131.737
Foreign Banks	5.827.410	-	995.710	4.327.564	1.472.836	5.757.043	70.947	-	18.451.510
Participation Banks	103.604	-	-	-	-	-	-	-	103.604
Other	-	-	-	-	-	-	-	-	-
Total	217.137.362	-	106.937.793	258.343.779	43.470.964	26.297.175	50.223.987	224.952	702.636.012

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	-	-	-	-	-	-	-	-	-
Total	130.187.571	-	63.162.118	176.737.477	45.985.267	18.622.148	45.018.276	215.669	479.928.526

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 ⁽¹⁾	121.349.265	101.143.825	60.109.078	47.737.037
Foreign Currency Saving Deposits ⁽¹⁾	87.598.380	62.267.214	136.622.820	80.692.915
Other Deposits in the form of Saving Deposits	-	-	-	-
Foreign Branches' Deposits under Foreign Authority Insurance ⁽²⁾	1.921.387	1.381.203	592.891	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 566.807 and TL 29.696 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 518 (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 1.327.557 (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.

**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 SEPTEMBER 2020**

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	Current Period	Prior Period
Deposits and other Accounts in Branches Abroad	49.404	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	37.546	21.718
Deposits Obtained through Illegal Acts Defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004	-	-
Saving Deposits in Banks Established in Turkey Exclusively for Off-Shore Banking Activities	-	-

2. Negative Differences Statement Regarding Trading Derivative Financial Assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	269.887	3.759	128.438	7.475
Swap Transactions	371.667	2.512.274	408.117	1.108.163
Futures Transactions	8.253	-	-	-
Options	-	-	-	8
Other	-	-	-	-
Total	649.807	2.516.033	536.555	1.115.646

3. Information on Banks and Other Financial Institutions

3.1. General Information on Banks and Other Financial Institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	343.931	5.596.119	1.294.374	4.437.534
From Foreign Banks, Institutions and Funds	235.623	32.559.136	373.530	28.152.999
Total	579.554	38.155.255	1.667.904	32.590.533

3.2. Information on Maturity Structure of Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	340.964	2.611.654	1.291.741	1.598.501
Medium and Long-Term	238.590	35.543.601	376.163	30.992.032
Total	579.554	38.155.255	1.667.904	32.590.533

**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 SEPTEMBER 2020**

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

70,86% 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
From Domestic Transactions	68.545.816	-	28.821.018	-
Financial Institutions and Organizations	68.203.727	-	28.198.716	-
Other Institutions and Organizations	332.250	-	615.654	-
Real Person	9.839	-	6.648	-
From Overseas Operations	-	24.561.949	-	20.473.527
Financial Institutions and Organizations	-	24.561.949	-	20.473.527
Other Institutions and Organizations	-	-	-	-
Real Person	-	-	-	-
Total	68.545.816	24.561.949	28.821.018	20.473.527

5. Information on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bills	731.247	-	2.267.540	279.678
Asset-Backed Securities	3.554.573	-	2.482.999	-
Treasury Bonds	1.010.690	13.911.900	1.010.690	9.552.214
Total	5.296.510	13.911.900	5.761.229	9.831.892

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	42.559	25.965	28.164	16.809
Between 1-4 Years	714.512	413.749	593.973	325.022
More than 4 Years	944.689	582.805	806.579	430.844
Total	1.701.760	1.022.519	1.428.716	772.675

**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 SEPTEMBER 2020**

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

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 September 2020, unpaid vacation liability amounted to TL 281.024 and employment termination amounted to TL 1.086.378 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 2.885.000 which consist of TL 910.000 provided in prior year and TL 2.010.000 recognized and TL 35.000 reversed 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 1.474.765 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 68.748 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.)

**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 SEPTEMBER 2020**

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 September 2020, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 71.172 (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

	Current Period	Prior Period
Corporate Tax Payable	71.172	1.034.189
Taxation on Marketable Securities	375.446	358.954
Property Tax	1.545	3.356
Banking Insurance Transaction Tax (BITT)	196.009	262.241
Foreign Exchange Transaction Tax	77.111	7.643
Value Added Tax Payable	20.284	15.377
Other	132.961	142.774
Total	874.528	1.824.534

10.1.3. Information on Premium Payables

	Current Period	Prior Period
Social Security Premiums – Employee	69	56
Social Security Premiums – Employer	89	76
Bank Social Aid Pension Fund Premium - Employee	45	15.201
Bank Social Aid Pension Fund Premium - Employer	75	22.271
Pension Fund Membership Fees and Provisions - Employee	1	1
Pension Fund Membership Fees and Provisions - Employer	2	1
Unemployment Insurance – Employee	1.368	1.180
Unemployment Insurance - Employer	2.733	2.360
Other	-	-
Total	4.382	41.146

10.2. Information on Deferred Tax Liabilities, if Any

The Group has TL 4.693 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

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	-	13.558.156	-	10.103.295
Subordinated loans	-	754.430	-	537.338
Subordinated debt instruments	-	12.803.726	-	9.565.957
Debt instruments to be included in contribution capital calculation	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Total	-	13.558.156	-	10.103.295

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

**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 SEPTEMBER 2020**

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

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)	2.059	(24.631)	88	(2.046)
Valuation Difference	5.482.452	(4.883.809)	3.613.096	(1.160.750)
Foreign Currency Differences	2.262.057	205	2.008.638	14
Total	7.746.568	(4.908.235)	5.621.822	(1.162.782)

**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 SEPTEMBER 2020**

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

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

	Current Period	Prior Period
Asset Purchase Commitments	7.180.193	13.705.480
Subsidiaries and Associates Capital Contribution Commitments	3.150	7.500
Loan Granting Commitments	14.922.994	11.875.717
Commitments for Cheques Payments	4.789.329	3.852.943
Commitments for Credit Card Expenditure Limits	22.588.532	24.245.305
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	72.272	36.161
Tax and Fund Liabilities from Export Commitments	14.929	11.509
Other Irrevocable Commitments	18.336.996	14.103.945
Total	67.908.395	67.838.560

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 1.474.765 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

	Current Period	Prior Period
Letters of Guarantee	124.214.634	101.167.423
Letters of Credit	21.624.677	20.393.036
Bank Acceptances	8.832.115	8.221.510
Endorsements	1.465.119	969.507
Other Guarantees	1.972.178	939.474
Other Collateral	10.879	5.210
Total	158.119.602	131.696.160

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

	Current Period	Prior Period
Letters of Certain Guarantees	72.531.787	72.268.479
Letters of Advance Guarantees	20.392.972	15.942.982
Letters of Temporary Guarantees	4.172.298	3.228.559
Letters of Guarantees Given to Customs Offices	1.660.726	1.631.521
Other Letters of Guarantees	25.456.851	8.095.882
Total	124.214.634	101.167.423

1.3. Explanations on Non-Cash Loans

1.3.1. Total Non-Cash Loans

	Current Period	Prior Period
Non-Cash Loans for Providing Cash Loans	21.900.023	4.038.263
With Original Maturity of One Year or Less	11.951.051	244.688
With Original Maturity of More than One Year	9.948.972	3.793.575
Other Non-Cash Loans	136.219.579	127.657.897
Total	158.119.602	131.696.160

**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 SEPTEMBER 2020**

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

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
Interest on Loans ⁽¹⁾	34.481.046	6.703.970	34.994.669	6.843.550
Short Term Loans	6.954.021	569.307	11.419.439	741.769
Medium and Long Term Loans	26.849.727	6.130.333	22.872.256	6.094.919
Interest on Loans Under Follow-Up	677.298	4.330	702.974	6.862
Premiums Received from the Resource Utilization Support Fund	-	-	-	-

⁽¹⁾ 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	-	-	91.929	-
From Domestic Banks	27.635	13.815	374.956	9.750
From Foreign Banks	19.484	42.185	27.022	49.983
From Headquarters and Branches Abroad	-	-	-	-
Total	47.119	56.000	493.907	59.733

1.3. Information on interest income on marketable securities

	Current Period		Prior Period	
	TL	FC	TL	FC
From Fair Value Through Profit or Loss	138.336	1.141	14.562	1.899
Fair Value Through Other Comprehensive Income	7.719.381	2.236.690	6.808.248	1.239.259
Financial Assets Measured at Amortized Cost	713.312	689.418	627.728	384.035
Total	8.571.029	2.927.249	7.450.538	1.625.193

1.4. Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Income from Associates and Subsidiaries	90.344	-

2. Interest Expense

2.1. Information on Interest Expense on Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	214.200	757.502	235.834	1.037.658
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	137.182	118.519	116.045	202.214
Foreign Banks	77.018	638.983	119.789	835.444
From Abroad Headquarters and Branches	-	-	-	-
Other Institutions	36.659	33.873	24.506	10.441
Total	250.859	791.375	260.340	1.048.099

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

**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 SEPTEMBER 2020**

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

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

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	907	1.551

2.3. Information on Interest Given on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense on securities issued	515.108	903.839	656.076	634.460

2.4. Maturity structure of the interest expense on deposits

Current Period	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year		
TL								
Bank Deposit	-	1.069.956	1.389	-	213	-	-	1.071.558
Saving Deposit	-	397.959	5.151.172	2.119.905	190.285	783.281	15.259	8.657.861
Public Sector Deposit	314	742.849	344.828	48.288	115.361	5.690	-	1.257.330
Commercial Deposit	71	1.140.781	1.387.632	45.973	373.572	67.213	-	3.015.242
Other Deposit	-	169.607	490.005	124.666	74.529	18.836	-	877.643
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	385	3.521.152	7.375.026	2.338.832	753.960	875.020	15.259	14.879.634
FC								
Foreign Currency Deposit	1.298	101.690	574.559	55.260	82.893	291.816	5	1.107.521
Bank Deposit	11	32.568	13.802	5.028	8.151	772	-	60.332
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	3.195	11.279	1.248	1.394	1.145	-	18.261
Total	1.309	137.453	599.640	61.536	92.438	293.733	5	1.186.114
Grand Total	1.694	3.658.605	7.974.666	2.400.368	846.398	1.168.753	15.264	16.065.748

Prior Period	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year		
TL								
Bank Deposit	-	2.128.703	13.523	4.369	376	404	-	2.147.375
Saving Deposit	3.417	371.862	9.527.816	2.004.770	405.016	784.584	6.652	13.104.117
Public Sector Deposit	369	479.492	567.509	114.515	267.935	18.113	-	1.447.933
Commercial Deposit	536	869.430	1.460.329	127.416	540.736	40.490	-	3.038.937
Other Deposit	7	145.895	525.236	435.705	145.632	71.299	-	1.323.774
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	4.329	3.995.382	12.094.413	2.686.775	1.359.695	914.890	6.652	21.062.136
FC								
Foreign Currency Deposit	1.695	251.856	1.013.143	113.566	121.847	383.372	1	1.885.480
Bank Deposit	13	115.948	8.859	14.136	7.992	6.110	-	153.058
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	4.928	6.669	751	349	477	-	13.174
Total	1.708	372.732	1.028.671	128.453	130.188	389.959	1	2.051.712
Grand Total	6.037	4.368.114	13.123.084	2.815.228	1.489.883	1.304.849	6.653	23.113.848

**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 SEPTEMBER 2020**

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

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)

	Current Period	Prior Period
Profit	128.635.671	80.203.236
Trading Gains on Securities	5.071.682	71.531
Gains on Derivative Financial Transactions	5.215.020	2.885.312
Foreign Exchange Gains	118.348.969	77.246.393
Loss (-)	135.581.432	86.443.136
Trading Losses on Securities	13.946	6.293
Losses on Derivative Financial Transactions	9.010.179	9.682.377
Foreign Exchange Losses	126.557.307	76.754.466

4. Information on Other Operating Income

Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 1.816.753 and income from sales of assets amounting to TL 158.132 (30 September 2019: significant portion of other operating income consists of reversal from prior period provisions amounting to TL 1.036.599, and income from sales of assets amounting to TL 83.485, and income from insurance activities amounting to TL 2.022.633).

5. Expected Credit Loss and Other Provision Expense

	Current Period	Prior Period
Expected Credit Loss Provision	8.076.103	3.912.550
12 Month Expected Credit Loss (Stage 1)	942.661	357.491
Significant Increase in Credit Risk (Stage 2)	3.708.311	665.054
Non-Performing Loans (Stage 3)	3.425.131	2.890.005
Marketable Securities Impairment Provision	20.819	1.174
Financial Assets at Fair Value Through Profit or Loss	-	110
Financial Assets at Fair Value Through Other Comprehensive Income	20.819	1.064
Associates, Subsidiaries and Entities Under Common Control Impairment Provision	-	-
Associates	-	-
Subsidiaries	-	-
Entities Under Common Control	-	-
Other (*)	2.248.004	75.965
Total	10.344.926	3.989.689

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

**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 SEPTEMBER 2020**

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

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

	Current Period	Prior Period
Provision for Employee Termination Benefits	221.439	130.612
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	355.911	335.889
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	97.124	83.529
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	3.007.292	2.096.979
Leasing Expenses on TFRS 16 Exceptions	57.405	91.988
Maintenance Expenses	108.369	87.716
Advertisement Expenses	190.199	168.354
Other Expenses	2.651.319	1.748.921
Loss on Sales of Assets	2.257	25.556
Other ⁽¹⁾	2.777.589	3.157.854
Total	6.461.612	5.830.419

⁽¹⁾ TL 1.056.775 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 773.320 consists of taxes, duties and charges expense (30 September 2019: TL 744.606 of other items consists of Saving Deposit Insurance Fund accrual expense, TL 660.015 consists of taxes, duties and charges expense and TL 929.761 consists of from expenses arising from insurance activities.)

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:

	Current Period	Prior Period
Net Interest Income	30.674.676	18.757.326
Net Fees and Commissions Income	2.453.734	2.404.085
Other Operating Income	2.620.651	3.561.141
Dividend Income	1.584	22.622
Trading Profit/Loss (Net)	(6.945.761)	(6.239.900)
Personnel Expenses (-)	3.760.257	2.889.665
Expected Credit Loss (-)	8.076.103	3.912.550
Other Provision Expenses (-)	2.268.823	77.139
Other Operating Expenses (-)	6.461.612	5.830.419
Profit/Loss from Investments in Subsidiaries Consolidated based on Equity Method	42.594	41.876
Current Period Profit/Loss from Continued Operations	8.280.683	5.837.377

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

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

**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 SEPTEMBER 2020**

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

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 September 2020, TL 2.403.285 of the Group's total tax provision expense consists of TL 1.635.922 of current tax expense and TL 767.363 of deferred tax expense (As of 30 September 2019, TL 2.292.313 of the Group's total tax provision expense consists of amounting to TL 2.796.415 current tax expense while remaining balances amounting to TL 956.652 consists of deferred tax income).

As of 30 September 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 September 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 after tax amounts to TL 5.877.398 (30 September 2019: TL 4.501.716) and net profit from discontinued operations is TL 1.856.568 (30 September 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
Current Period						
Loans						
Opening Balance	115.055	87.555	-	-	-	-
Closing Balance	211.234	143.376	-	-	-	-
Interest and Commissions Income	90.344	438	-	-	-	-

**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 SEPTEMBER 2020**

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

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
Prior Period						
Loans						
Beginning Balance	-	45.815	-	-	-	-
Ending Balance	115.055	87.555	-	-	-	-
Interest and Commissions Income ⁽¹⁾	-	-	-	-	-	-

⁽¹⁾ Prior year balance of Interest and Commission Income shows the amount as of 30 September 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
Deposits						
Beginning Balance	109.004	27.657	-	-	-	-
Ending Balance	37.435	109.004	-	-	-	-
Interest Expense on Deposits ⁽¹⁾	907	1.551	-	-	-	-

⁽¹⁾ Prior year balance of interest expense on Deposit shows the amount as of 30 September 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 34.501 (30 September 2019: TL 29.923).

VI EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

The loan amounting to USD 1.155 million, which was granted in 2014 and classified at stage 2 of the balance sheet as of 30 September 2020, was closed on 22 October 2020 with the bonds transferred and assigned in favor of the Bank (Loan Note).

It has been decided to start negotiations regarding the sale of Ziraat Portföy Yönetimi A.Ş., which is among the partnerships 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 SEPTEMBER 2020**

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

SECTION SIX

EXPLANATIONS ON AUDIT’S REVIEW REPORT

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

As of 30 September 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 4 November 2020 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

**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 SEPTEMBER 2020**

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

SECTION SEVEN

EXPLANATION ON INTERIM ACTIVITY REPORT

I. Assessment of Chairman

In the third quarter, when expansive monetary and fiscal policies applied to limit the negative effects of the Covid-19 epidemic, which we experienced intensively in the second quarter of 2020, it was seen that the recovery became evident with the reopening of the economies. However, it is also seen that uncertainties continue due to the possibility of a second wave in the epidemic. Due to the continuing high uncertainty, expectations for additional fiscal incentives maintain their vitality, especially in large economies.

Although vaccination studies have gained momentum, the continued increase in the number of coronavirus cases in the absence of a safe and effective vaccine, Brexit process, US elections and geopolitical developments cause us to be in a more sensitive period than the Global Financial Crisis in 2008. In this environment of uncertainty, while central banks begin to reshape their monetary policies, additional financial incentives remain on the agenda. The Federal Reserve (Fed) strengthened its message that interest rates will remain at low levels for a long time by easing their sensitivity to inflation with the new policy framework. The European Central Bank has also begun to signal that it might follow a Fed-style inflation strategy.

With coordinated steps, the fight against the negativities caused by the epidemic in the country continued both in the field of health and economically. Thanks to the low public debt stock compared to its peers, the area in the budget was used effectively in combating the epidemic, while the support for the employment market continued. While supporting applications were carried out for the sectors adversely affected by the epidemic, significant financing was provided in the areas needed with appropriate maturities and interest rates through public banks.

In this context, Turkey's economy in Q3 normalization process and supply with supportive financial conditions and the demand for V-type showed a strong recovery. It is seen that exports have returned to pre-epidemic levels, the record for the last year in electricity consumption has been broken, a rapid improvement has been realized in industrial production, domestic demand has recovered and expenditures have exceeded the pre-epidemic level. Thanks to these developments, it is predicted that we will be able to end the year 2020, when very negative developments were experienced, with a growth close to the horizontal.

Public banks continued their increased support in the second quarter, when the most adverse effects of the epidemic were seen, in the third quarter. Ziraat Bank, with its selective credit policy, continued to contribute to our economy with financing support packages designed under favorable conditions in areas that will provide the highest added value to the national economy such as domestic production, current account balance, employment and agriculture. Thus, a more effective loan policy was pursued by increasing the added value of the loans, which were significantly increased in total amount.

Ziraat Bank continues its activities with the principle of contributing more to our economy, anytime, anywhere, with an efficiency-oriented approach.

Dr. Ahmet GENÇ
Chairman of the board

**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 SEPTEMBER 2020**

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

EXPLANATION ON INTERIM ACTIVITY REPORT (Continued)

II. Assessment of General Manager

After the second quarter, which was quite negative due to the epidemic, the third quarter of 2020 was a period when the negative effects of the epidemic began to decrease relatively and steps were taken to return to the pre-epidemic periods in global economies. It is predicted that we will be one of the rare economies that will achieve economic growth in the world in 2020 with the measures taken against the adversities of the epidemic and the monetary and fiscal policies implemented.

In the 9 months of 2020, our total cash loans increased by 35% and reached 604 billion TL, and our total assets increased by 42% to 924 billion TL.

Ziraat Bank continues to contribute more to our economy in a sustainable way. As a bank with 65% of its balance sheet consisting of cash loans, we continue to be the leading bank in the sector in loans. In this context, we realized the increase we achieved in loans in the 9 months of 2020, mainly in TL. With a selective credit policy, we focused more on sectors that will contribute more to employment and current balance. We have provided financial support under favorable conditions for SMEs that need finance the most and have an important share in production and employment. We designed and presented financing solutions to our customers in order to support domestic production and employment. While we supported all sectors negatively affected by the epidemic, we also provided support for tourism, which is one of the negatively affected sectors. We aimed to use our loans broadly and reach the highest number of businesses. Thus, in the 9-month period, we achieved a growth equivalent to the balance sheet size of a medium-sized bank in TL loans, while ensuring that this increase created the highest added value increase to the economy.

While supporting every sector, we also continued our selective credit policy in the financing of agriculture, which has always been a priority sector for our Bank. We continued to offer financing solutions to increase the added value of agriculture, such as greenhouse cultivation, increasing domestic production, reducing imports, increasing mechanization, establishing the value chain, and bringing businesses to an economic scale. In addition, the "Producer Financing System" has been implemented in order to be a solution to the increasingly important food inflation. In addition to these financing solutions, we implemented the "I Have Many Reasons To Live In My Village" project while continuing the trainings in cooperation with universities within the scope of the "Young Farmer Academy".

Deposit continues to be the main funding source in financing the balance sheet. While we have a significant share in our customers' foreign trade transactions with our foreign branch and affiliate bank network and our extensive correspondent network, we continue to obtain funds from international money and capital markets.

We continue to make continuous improvements to ensure that the working environment is suitable and healthy for both our employees and our customers. We kept our branches open during the pandemic period by tightening our measures. We continue to develop digital banking applications not only for the development of service areas but also for faster and more efficient access of our customers to our Bank. During the epidemic period, we provided nearly 4 million customers with personal support loans by applying through digital channels.

Our Bank continues its banking activities effectively in a way that responds to changing conditions and needs.

Hüseyin AYDIN
Member of the Board and CEO

**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 SEPTEMBER 2020**

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

EXPLANATION ON INTERIM ACTIVITY REPORT (Continued)

III. Corporate Profile

Ziraat Bank, since its establishment in 1863, has gained a prominent place among the greatest promoters of all the actors in the economic cycle of Turkey. Always alongside the farmers, the trader, the businessman, the entrepreneur, the retired and the employee, 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 both a regional power and an important global actor 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. The 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 its journey towards corporate objectives that are determined by its strategic road map in an uninterrupted manner by producing more for its customers and employees. Bank will keep contributing to the development of Turkish Economy and Banking Sector.

By already having a 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 shareholders in 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 SEPTEMBER 2020**

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

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

V. Main Financial Indicators

ASSETS (TL Million)	30.09.2020	31.12.2019
Cash and Cash Equivalents	85.794	63.810
Securities Portfolio	227.591	133.592
Cash Loans (Gross)	655.783	480.959
Other Assets	22.485	15.360
Total Assets	991.653	693.721
LIABILITIES (TL Million)	30.09.2020	31.12.2019
Deposits	702.636	479.929
Non-deposits Resources	164.609	109.249
Other Liabilities	38.185	30.315
Shareholders' Equity	86.223	74.228
Total Liabilities	991.653	693.721
SUMMARY OF PROFIT OR LOSS TABLE (TL Million)	30.09.2020	30.09.2019
Net Interest Income	30.675	18.757
Net Fees and Commission Income	2.454	2.404
Other Operating Income	2.621	3.561
Other Operating Expense	6.462	5.830
Expected Credit Loss	8.076	3.913
Net Profit/Losses	7.734	4.502

RATIOS (%)	30.09.2020	31.12.2019
Capital Adequacy Ratio	16,96	16,39
Equity / Total Assets	8,7	10,7
Cash Loans (Gross) / Total Assets	66,1	69,3
Loans under follow-up (Gross) / Total Loans	2,4	3,0
Liquid Assets / Total Assets	8,7	9,2

.....