

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI  
ANONİM ŞİRKETİ**

**UNCONSOLIDATED FINANCIAL STATEMENTS,  
RELATED EXPLANATIONS AND NOTES  
AS OF 31 DECEMBER 2022 WITH AUDITOR'S REPORT**

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



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH  
(See Note I of Section Three)  
INDEPENDENT AUDITOR'S REPORT**

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

**A. Audit of the Unconsolidated Financial Statements**

**1. Qualified Opinion**

We have audited the accompanying unconsolidated financial statements of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi (the "Bank"), which comprise the statement of unconsolidated balance sheet as at 31 December 2022, unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended and the notes to the unconsolidated financial statements and a summary of significant accounting policies and unconsolidated financial statement notes.

In our opinion, except for the effect of the matter on the unconsolidated financial statements described in the basis for the qualified opinion section of our report, the unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at 31 December 2022, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and 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 Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

**2. Basis for Qualified Opinion**

As explained in Section Five Part II. 9.3 of Explanations and Notes to the Unconsolidated Financial Statements; the accompanying unconsolidated financial statements as at 31 December 2022 include a free provision amounting to TL 28.300.000 thousand which consist of TL 3.710.000 thousand provided in prior periods and TL 24.590.000 thousand recognized in the current year by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements" section of our report. We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our qualified opinion.



### 3. Key Audit Matters

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

<b><i>Key Audit Matters</i></b>	<b><i>How the key audit matter was addressed in the audit</i></b>
<p><b><i>Expected credit losses for loans</i></b></p> <p>The Bank has total expected credit losses for loans amounting to TL 1.266.350.850 thousand in respect to total loans amounting to TL 47.955.637 thousand which represent a significant portion of the Bank’s total assets in its unconsolidated financial statements as at 31 December 2022. Explanations and notes related to expected credit losses provisions for loans are presented Section Three VII, Section Three VIII, Section Four II, Section Four VIII-3, Section Five I.7 and Section Five II-9 in the accompanying unconsolidated financial statements as at 31 December 2022.</p> <p>The Bank recognizes provision for impairment in accordance with “IFRS 9 Financial Instruments” (“IFRS 9”) requirements effective in line with the “Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided” as published in the Official Gazette dated 22 June 2016 numbered 29750. The Bank exercises significant decisions using subjective judgement, interpretation and assumptions over when and how much to record as loan impairment.</p>	<p>With respect to stage classification of loans and calculation of expected credit losses, we have assessed policy, procedure and management principles of the Bank within the scope of our audit. We tested the design and the operating effectiveness of relevant systems and processes implemented in accordance with these principles.</p> <p>For important loan portfolios, we checked appropriateness of matters considered in methodology applied by the Bank with IFRS 9 for calculation of the provision amount through stage classification of loans. For forward looking assumptions made by the Bank’s management in its expected credit losses calculations, we held discussions with management and evaluated the assumptions using publicly available information. Regarding expected credit losses methodology; we have assessed and tested appropriateness of model segmentation, lifetime probability of default model, exposure at default model, loss given default model and the approaches to reflecting reasonable and supportable forward looking expectations with our financial risk experts.</p> <p>We have assessed expert judgment utilized in interpretation of supportable forward looking expectations (including macroeconomic factors).</p>



<b><i>Key Audit Matters</i></b>	<b><i>How the key audit matter was addressed in the audit</i></b>
<p>To determine expected credit losses the Bank determines stage classification of loans by identifying significant increase in credit risk with quantitative and qualitative assessments and identification of default events. The Bank uses complex models derived from more than one system to determine significant increase in credit risk and calculate the expected loan loss provision. These models contain judgement and estimations in regard to forward looking estimations, scenarios of macro-economic conditions and weighing of scenarios based on expert opinion. Information used in the individually or collectively assessment of expected credit loss such as historical loss experiences, current conditions and macroeconomic expectations should be supportable and appropriate.</p> <p>Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences; the significance of the loan balances; the classification of loans as per their credit risk (staging) and the importance of determination of the associated expected credit loss. Timely and correct identification of default event and significant increase in credit risk and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.</p>	<p>Together with our financial risk experts, we evaluated and tested reasonableness of the changes in the expected credit loss allowance methodology made within the year and the performance of the impairment models used.</p> <p>We have checked models used in determination of provisions for various credit portfolios with our financial risk experts by reperforming on a sample selection basis.</p> <p>For a selected sample, we checked expected credit losses determined based on individual assessment per Bank’s policy by means of supporting data, and evaluated appropriateness via communications with management.</p> <p>We checked key data sources for data used in expected credit losses calculations. We tested reliability and completeness of the data used in expected credit losses calculations with our information systems specialists.</p> <p>We checked accuracy of resultant expected credit losses calculations.</p> <p>To assess appropriateness of the Bank’s determination of staging for credit risk, identification of impairment and timely and appropriate provisioning for impairment we have performed loan review procedures based on a selected sample.</p> <p>We evaluated the adequacy of the disclosures made in the unconsolidated financial statements regarding the provision for impairment of loans.</p>



<b>Key Audit Matters</b>	<b>How the key audit matter was addressed in the audit</b>
<p data-bbox="272 499 472 531"><b>Pension funds</b></p> <p data-bbox="272 564 850 751">Explanations on Valuation of T.C. Ziraat Bankası and T. Halk Bankası Members Pension and Relief Fund (“TZHEMSAN”) Foundation are presented in the Section Three XVI in the accompanying unconsolidated financial statements as at 31 December 2022.</p> <p data-bbox="272 787 854 1388">TZHEMSAN foundation (“Fund”) is established in accordance with the Social Security Law numbered 506 article No 20 and is within the scope of Funds to be transferred to the Social Security Institution (SSI). The President of the Republic is authorized to determine the transfer date. The total obligation of the fund is estimated using separate methods and assumptions for benefits to be transferred and for non-transferrable benefits. The valuations of the pension obligations require significant judgement and technical expertise in choosing appropriate assumptions. Calculation of Fund liabilities include estimates and uncertain assumptions such as transferrable social benefits, discount rates, salary increases, economic and demographic assumptions. The Bank’s management uses external actuaries for the purpose of valuations of Fund obligations.</p> <p data-bbox="272 1423 854 1671">During our audit, above mentioned fundamental assumption and estimates used in calculations of Fund obligations, uncertainty of the transfer date, technical interest rate determined by the law and significant impact from differentiation of these assumptions were taken into consideration, and this area is considered as key audit matter.</p>	<p data-bbox="878 564 1487 751">Within our audit we tested on a sample basis the accuracy of the employee data supplied by the Bank management to the external actuary firm for the purpose of evaluation of Fund obligations. In addition, we verified the existence and values of the Fund assets.</p> <p data-bbox="878 787 1490 942">We examined whether significant changes in actuarial assumptions used in calculation, employee benefits in the period, plan assets and liabilities, and regulations related to valuations exist, and tested significant changes.</p> <p data-bbox="878 978 1482 1100">Through use of our actuarial specialist, we assessed the reasonableness of assumptions and evaluation made by the external actuaries in the calculation of the liability.</p> <p data-bbox="878 1136 1477 1257">In addition to the above procedures, we have checked the disclosures made with respect to Fund obligations in the unconsolidated financial statements.</p>



#### **4. Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements**

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

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

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

#### **5. Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements**

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor’s report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

## **B. Other Responsibilities Arising From Regulatory Requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code (“TCC”) No. 6102 and that causes us to believe that the Bank’s bookkeeping activities concerning the period from 1 January to 31 December 2022 period are not in compliance with the TCC and provisions of the Bank’s articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.



### **Additional Paragraph for Convenience Translation**

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board including the application of IAS 29- Financial Reporting in Hyperinflationary Economies as of 31 December 2022. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

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

Didem Demer Kaya, SMMM  
Partner

Istanbul, 17 February 2023





**CONVENIENCE TRANSLATION OF UNCONSOLIDATED  
FINANCIAL STATEMENTS AND RELATED DISCLOSURES WITH AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE**

**THE UNCONSOLIDATED FINANCIAL REPORT OF  
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 31 DECEMBER 2022**

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

The unconsolidated financial report for the year ended 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 BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- EXPLANATIONS AND DISCLOSURES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR'S REPORT

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

\_\_\_\_\_  
Burhaneddin TANYERİ  
Chairman of the Board

\_\_\_\_\_  
Alpaslan ÇAKAR  
Member of the Board,  
CEO

\_\_\_\_\_  
Fazlı KILIÇ  
Member of the Board,  
Member of the Audit Committee

\_\_\_\_\_  
Mahmut KAÇAR  
Member of the Board,  
Member of the Audit Committee

\_\_\_\_\_  
Emrah GÜNDÜZ  
Assistant General Manager Banking  
Operations and  
Corporate Communications

\_\_\_\_\_  
Rehber BİRKAN  
Senior Vice President of Financial  
Coordination and Reporting

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

Name/Title : Menşure BEŞKAYA / Financial Statements Manager  
Telephone Number : 0312 584 59 24  
Fax Number : 0312 584 59 38

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022**

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

**SECTION ONE  
GENERAL INFORMATION ABOUT THE BANK**

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

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

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

The total share capital of the Bank is TL 34.900.000 This capital is divided into 34.900.000.000 registered share with a nominal value of TL each and is fully paid. The Bank's sole and controlling shareholder is the Türkiye Wealth Fund.

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

<b>Name</b>	<b>Administrative Function</b>
<b>Members of the Board of Directors</b>	
Burhaneddin TANYERI	Chairman
Alpaslan ÇAKAR	CEO and Member
Veysi KAYNAK	Vice Chairman and Member
Dr. Ahmet GENÇ	Member
Faruk ÇELİK	Member
Fazlı KILIÇ	Member
Feyzi ÇUTUR	Member
Mahmut KAÇAR	Member
Serruh KALELİ	Member
<b>Audit Committee Members</b>	
Fazlı KILIÇ	Member
Mahmut KAÇAR	Member
<b>Executive Vice Presidents</b>	
Cüneyt SAĞLIK	Digital Banking and Payment Systems
Emrah GÜNDÜZ	Banking Operations and Corporate Communications
Ferhat PİŞMAF	Corporate Banking
Mehmet Şükrü TAŞCI	Credit Allocation and Management
Recep TÜRK	Credit Risk Monitoring and Liquidation
Yüksel CESUR	Retail Banking

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022**

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

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

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

Name/Trade Name	Amount of Share	Percentage	Name/Trade Name	Amount of Share
Türkiye Wealth Fund	34.900.000	100	34.900.000	-

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

**V. SUMMARY INFORMATION ON THE BANK’S ACTIVITIES AND SERVICES**

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

As of 31 December 2022, the Bank has 1.733 domestic branches (31 December 2021: 1.727 domestic branches), London branch abroad in England, Baghdad and Erbil branches in Iraq, Athens, Komotini and Xanthi branches in Greece, Sofia, Plovdiv, Kardzhali, Varna and Burgas branches in Bulgaria, Jeddah branch in Saudi Arabia, Pristina, Prizren, Peja and Ferizaj branches in Kosovo, Bahrain branch in Bahrain, Nicosia, Kyrenia, Guzelyurt, Famagusta, Gonyeli, Taşkinköy, Karaođlanođlu and İskele branches in TRNC, with a total of 25 branches and a general total of 1.758 branches. As of 31 December 2022, the Bank’s number employee is 24.484 (31 December 2021: 24.607).

**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, jointly controlled partnership of the Bank, are accounted by using equity method in the consolidated financial statements of the Bank.

As Ziraat Teknoloji A.Ş. and Ziraat Finansal Teknolojiler Elektronik Para ve Ödeme Hizmetleri A.Ş. are non-financial subsidiaries of the Bank, is not consolidated in the consolidated financial statements of the Bank in accordance with Communiqué of the Preparation Consolidated Financial Statements. Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş. is non-financial associates of the Bank is not consolidated in the consolidated financial statements. Central Oto Kiralama A.Ş., ZG Tarım Piyasaları A.Ş., which are subsidiaries of Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş. and its subsidiaries, ZY Elektrikli Traktör San. ve Tic. A.S. and MESA İmalat Sanayi ve Ticaret A.Ş. as they are not financial institutions, they are not consolidated. All other associates and subsidiaries are fully consolidated.

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022**

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

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

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

With the Bank's Extraordinary General Assembly Resolution dated 13 December 2022, it was decided to establish Ziraat Bank Education Foundation (Foundation). The Foundation was established on 30 December 2022 to carry the Bank's deep-rooted education experience, which has been going on for nearly 100 years, to a different point. The Bank will continue to contribute to the Türkiye Banking Sector with the Education Foundation, which will become operational after the legal processes are completed.

**VII. CURRENT OR LIKELY, ACTUAL OR LEGAL BARRIERS TO IMMEDIATE TRANSFER OF EQUITY OR REPAYMENT OF DEBTS BETWEEN BANK AND ITS SUBSIDIARIES**  
None.

## **SECTION TWO**

### **Unconsolidated Financial Statements**

- I. Balance Sheet (Statement of Financial Position) - Assets
- II. Balance Sheet (Statement of Financial Position) - Liabilities
- III. Statement of Off-Balance Sheet Commitments
- IV. Statement of Profit or Loss
- V. Statement of Profit or Loss and Other Comprehensive Income
- VI. Statement of Changes in Shareholders' Equity
- VII. Statement of Cash Flows
- VIII. Statement of Profit Distribution

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

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

**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**

**AS OF 31 DECEMBER 2022**

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

I- BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Note (Section Five I)	Current Period 31 December 2022			Prior Period 31 December 2021		
			TL	FC	Total	TL	FC	Total
<b>ASSETS</b>								
<b>I.</b>	<b>FINANCIAL ASSETS (Net)</b>		<b>236.867.343</b>	<b>592.221.704</b>	<b>829.089.047</b>	<b>156.891.377</b>	<b>374.035.478</b>	<b>530.926.855</b>
<b>1.1</b>	<b>Cash and Cash Equivalents</b>		<b>34.126.115</b>	<b>357.118.201</b>	<b>391.244.316</b>	<b>24.359.462</b>	<b>197.701.960</b>	<b>222.061.422</b>
1.1.1	Cash and Balances with Central Bank	(1)	28.245.022	346.153.321	374.398.343	23.319.411	185.466.575	208.785.986
1.1.2	Banks	(4)	505.686	10.965.746	11.471.432	761.150	12.236.212	12.997.362
1.1.3	Money Markets Receivables		5.380.282	-	5.380.282	281.931	-	281.931
1.1.4	Expected Loss Provision (-)		4.875	866	5.741	3.030	827	3.857
<b>1.2</b>	<b>Financial Assets at Fair Value Through Profit or Loss</b>	(2)	<b>4.302.137</b>	<b>28.992.742</b>	<b>33.294.879</b>	<b>1.936.236</b>	<b>24.723.476</b>	<b>26.659.712</b>
1.2.1	Government Debt Securities		198.276	27.692.529	27.890.805	131.441	23.766.048	23.897.489
1.2.2	Equity Instruments		-	-	-	-	-	-
1.2.3	Other Financial Assets		4.103.861	1.300.213	5.404.074	1.804.795	957.428	2.762.223
<b>1.3</b>	<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	(5),(6)	<b>195.185.687</b>	<b>200.487.478</b>	<b>395.673.165</b>	<b>120.157.761</b>	<b>149.999.396</b>	<b>270.157.157</b>
1.3.1	Government Debt Securities		193.770.230	199.565.626	393.335.856	119.331.986	149.301.458	268.633.444
1.3.2	Equity Instruments		885.974	41.654	927.628	301.892	46.511	348.403
1.3.3	Other Financial Assets		529.483	880.198	1.409.681	523.883	651.427	1.175.310
<b>1.4</b>	<b>Derivative Financial Assets</b>	(3)	<b>3.253.404</b>	<b>5.623.283</b>	<b>8.876.687</b>	<b>10.437.918</b>	<b>1.610.646</b>	<b>12.048.564</b>
1.4.1	Derivative Financial Assets at Fair Value Through Profit or Loss		3.253.404	5.623.283	8.876.687	10.437.918	1.610.646	12.048.564
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II.</b>	<b>FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>983.847.530</b>	<b>393.877.661</b>	<b>1.377.725.191</b>	<b>522.895.453</b>	<b>271.013.864</b>	<b>793.909.317</b>
<b>2.1</b>	<b>Loans</b>	(7)	<b>916.747.756</b>	<b>349.603.094</b>	<b>1.266.350.850</b>	<b>537.517.822</b>	<b>240.886.067</b>	<b>778.403.889</b>
<b>2.2</b>	<b>Lease Receivables</b>	(12)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.3</b>	<b>Factoring Receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.4</b>	<b>Other Financial Assets Measured at Amortized Cost</b>	(8)	<b>114.911.984</b>	<b>44.439.493</b>	<b>159.351.477</b>	<b>14.359.307</b>	<b>30.224.509</b>	<b>44.583.816</b>
2.4.1	Government Debt Securities		111.764.300	43.408.245	155.172.545	14.243.051	29.999.817	44.242.868
2.4.2	Other Financial Assets		3.147.684	1.031.248	4.178.932	116.256	224.692	340.948
<b>2.5</b>	<b>Expected Credit Loss (-)</b>		<b>47.812.210</b>	<b>164.926</b>	<b>47.977.136</b>	<b>28.981.676</b>	<b>96.712</b>	<b>29.078.388</b>
<b>III.</b>	<b>NON-CURRENT ASSETS OR DISPOSAL GROUPS “HELD FOR SALE” AND “HELD FROM DISCONTINUED OPERATIONS” (Net)</b>	(15)	<b>6.853.866</b>	<b>-</b>	<b>6.853.866</b>	<b>5.118.932</b>	<b>-</b>	<b>5.118.932</b>
3.1	Held for Sale Purpose		6.853.866	-	6.853.866	5.118.932	-	5.118.932
3.2	Held from Discontinued Operations		-	-	-	-	-	-
<b>IV.</b>	<b>EQUITY INVESTMENTS</b>		<b>35.291.161</b>	<b>7.913.605</b>	<b>43.204.766</b>	<b>14.964.022</b>	<b>6.023.868</b>	<b>20.987.890</b>
<b>4.1</b>	<b>Investments in Associates (Net)</b>	(9)	<b>216.867</b>	<b>-</b>	<b>216.867</b>	<b>152.904</b>	<b>-</b>	<b>152.904</b>
4.1.1	Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2	Unconsolidated Associates		216.867	-	216.867	152.904	-	152.904
<b>4.2</b>	<b>Subsidiaries (Net)</b>	(10)	<b>35.074.294</b>	<b>7.006.700</b>	<b>42.080.994</b>	<b>14.811.118</b>	<b>5.799.195</b>	<b>20.610.313</b>
4.2.1	Unconsolidated Financial Subsidiaries		34.939.335	7.006.700	41.946.035	14.759.292	5.799.195	20.558.487
4.2.2	Unconsolidated Non-Financial Subsidiaries		134.959	-	134.959	51.826	-	51.826
<b>4.3</b>	<b>Entities under Common Control (Joint Ventures) (Net)</b>	(11)	<b>-</b>	<b>906.905</b>	<b>906.905</b>	<b>-</b>	<b>224.673</b>	<b>224.673</b>
4.3.1	Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2	Unconsolidated Joint Ventures		-	906.905	906.905	-	224.673	224.673
<b>V.</b>	<b>PROPERTY AND EQUIPMENT (Net)</b>	(16)	<b>16.137.593</b>	<b>85.466</b>	<b>16.223.059</b>	<b>6.593.997</b>	<b>60.795</b>	<b>6.654.792</b>
<b>VI.</b>	<b>INTANGIBLE ASSETS (Net)</b>	(19)	<b>2.229.670</b>	<b>42.931</b>	<b>2.272.601</b>	<b>1.328.388</b>	<b>36.707</b>	<b>1.365.095</b>
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		2.229.670	42.931	2.272.601	1.328.388	36.707	1.365.095
<b>VII.</b>	<b>INVESTMENT PROPERTY (Net)</b>	(14)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII.</b>	<b>CURRENT TAX ASSET</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX.</b>	<b>DEFERRED TAX ASSET</b>	(20)	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.519.079</b>	<b>-</b>	<b>1.519.079</b>
<b>X.</b>	<b>OTHER ASSETS (Net)</b>	(22)	<b>31.548.535</b>	<b>4.747.959</b>	<b>36.296.494</b>	<b>8.116.674</b>	<b>2.291.634</b>	<b>10.408.308</b>
<b>TOTAL ASSETS</b>			<b>1.312.775.698</b>	<b>998.889.326</b>	<b>2.311.665.024</b>	<b>717.427.922</b>	<b>653.462.346</b>	<b>1.370.890.268</b>

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

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

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

**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**

**AS OF 31 DECEMBER 2022**

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

II- BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Note (Section Five II)	Current Period 31 December 2022			Prior Period 31 December 2021		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>DEPOSITS</b>	(1)	917.910.341	821.358.519	1.739.268.860	380.837.924	567.848.691	948.686.615
<b>II.</b>	<b>FUNDS BORROWED</b>	(3)	10.407.287	99.798.785	110.206.072	394.280	58.922.381	59.316.661
<b>III.</b>	<b>MONEY MARKETS BORROWINGS</b>	(4)	21.024.860	64.037.829	85.062.689	139.646.059	37.053.037	176.699.096
<b>IV.</b>	<b>SECURITIES ISSUED (Net)</b>	(5)	1.010.690	26.757.289	27.767.979	1.010.690	25.151.351	26.162.041
4.1	Bills		-	644.547	644.547	-	97.988	97.988
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		1.010.690	26.112.742	27.123.432	1.010.690	25.053.363	26.064.053
<b>V.</b>	<b>FUNDS</b>		34.703	-	34.703	31.956	-	31.956
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		34.703	-	34.703	31.956	-	31.956
<b>VI.</b>	<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES</b>	(2)	230.714	2.925.405	3.156.119	1.202.899	2.388.020	3.590.919
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		230.714	2.925.405	3.156.119	1.202.899	2.388.020	3.590.919
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII.</b>	<b>FACTORING LIABILITIES</b>		-	-	-	-	-	-
<b>IX.</b>	<b>LEASE LIABILITIES (Net)</b>	(7)	1.367.826	40.791	1.408.617	747.354	42.129	789.483
<b>X.</b>	<b>PROVISIONS</b>	(9)	48.706.257	32.511	48.738.768	9.042.970	17.042	9.060.012
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		6.744.741	-	6.744.741	1.723.250	-	1.723.250
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		41.961.516	32.511	41.994.027	7.319.720	17.042	7.336.762
<b>XI.</b>	<b>CURRENT TAX LIABILITY</b>	(10)	7.769.264	29.300	7.798.564	1.259.239	13.192	1.272.431
<b>XII.</b>	<b>DEFERRED TAX LIABILITY</b>	(10)	279.092	-	279.092	-	-	-
<b>XIII.</b>	<b>LIABILITIES RELATED TO NON-CURRENT ASSETS “HELD FOR SALE” AND “HELD FROM DISCONTINUED OPERATIONS” (Net)</b>	(11)	-	-	-	-	-	-
13.1	Held for Sale Purpose		-	-	-	-	-	-
13.2	Held from Discontinued Operations		-	-	-	-	-	-
<b>XIV.</b>	<b>SUBORDINATED DEBT INSTRUMENTS</b>	(12)	-	28.949.062	28.949.062	-	21.427.601	21.427.601
14.1	Loans		-	-	-	-	-	-
14.2	Other Debt Instruments		-	28.949.062	28.949.062	-	21.427.601	21.427.601
<b>XV.</b>	<b>OTHER LIABILITIES</b>	(6)	45.004.077	11.510.559	56.514.636	22.674.910	4.078.784	26.753.694
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	(13)	227.943.969	(25.464.106)	202.479.863	108.064.597	(10.964.838)	97.099.759
16.1	Paid-in capital		34.900.000	-	34.900.000	13.100.000	-	13.100.000
16.2	Capital Reserves		-	-	-	-	-	-
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		-	-	-	-	-	-
16.3	Accumulated Other Comprehensive Income or Expense Not Reclassified Through Profit or Loss		40.631.246	(5.661.848)	34.969.398	17.819.572	(1.966.165)	15.853.407
16.4	Accumulated Other Comprehensive Income or Expense Reclassified Through Profit or Loss		37.318.737	(19.802.258)	17.516.479	3.162.858	(8.998.673)	(5.835.815)
16.5	Profit Reserves		73.956.519	-	73.956.519	67.627.159	-	67.627.159
16.5.1	Legal Reserves		5.779.782	-	5.779.782	5.463.080	-	5.463.080
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		68.176.737	-	68.176.737	62.164.079	-	62.164.079
16.5.4	Other Profit Reserves		-	-	-	-	-	-
16.6	Profit or (Loss)		41.137.467	-	41.137.467	6.355.008	-	6.355.008
16.6.1	Prior Periods' Profit or (Loss)		45.090	-	45.090	63.699	-	63.699
16.6.2	Current Period Profit or (Loss)		41.092.377	-	41.092.377	6.291.309	-	6.291.309
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			<b>1.281.689.080</b>	<b>1.029.975.944</b>	<b>2.311.665.024</b>	<b>664.912.878</b>	<b>705.977.390</b>	<b>1.370.890.268</b>

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



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

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

**UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS  
AS OF 31 DECEMBER 2022**

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

III.	STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period 31 December 2022			Prior Period 31 December 2021		
			TL	FC	Total	TL	FC	Total
<b>A.</b>	<b>BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>443.044.881</b>	<b>926.343.332</b>	<b>1.369.388.213</b>	<b>237.933.561</b>	<b>657.847.925</b>	<b>895.781.486</b>
<b>I.</b>	<b>GUARANTEES AND WARRANTIES</b>	(1), (3)	<b>139.416.948</b>	<b>275.237.772</b>	<b>414.654.651</b>	<b>56.163.538</b>	<b>206.409.718</b>	<b>262.573.256</b>
1.1	Letters of Guarantee		123.250.008	197.439.272	320.689.280	53.164.164	131.292.450	184.456.614
1.1.1	Guarantees Subject to State Tender Law		3.652.771	28.243.145	31.895.916	1.725.374	24.260.049	25.985.423
1.1.2	Guarantees Given for Foreign Trade Operations		97.271.017	133.916.200	231.187.217	44.923.837	76.456.270	121.380.107
1.1.3	Other Letters of Guarantee		22.326.220	35.279.927	57.606.147	6.514.953	30.576.131	37.091.084
1.2	Bank Acceptances		1.808.014	10.394.731	12.202.745	211.032	11.723.519	11.934.551
1.2.1	Import Letter of Acceptance		1.808.014	10.376.020	12.184.034	211.032	11.720.128	11.931.160
1.2.2	Other Bank Acceptances		-	18.711	18.711	-	3.391	3.391
1.3	Letters of Credit		1.446.907	65.974.036	67.420.943	845.948	59.326.676	60.172.624
1.3.1	Documentary Letters of Credit		1.446.907	65.931.029	67.377.936	845.948	59.296.678	60.142.626
1.3.2	Other Letters of Credit		-	43.007	43.007	-	29.998	29.998
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		12.912.019	1.429.664	14.341.683	1.942.394	4.067.073	6.009.467
1.5.1	Endorsements to the Central Bank of Türkiye		12.912.019	1.429.664	14.341.683	1.942.394	4.067.073	6.009.467
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		-	-	-	-	-	-
1.9	Other Collaterals		-	-	-	-	-	-
<b>II.</b>	<b>COMMITMENTS</b>	(1), (3)	<b>198.675.812</b>	<b>27.851.451</b>	<b>226.527.263</b>	<b>112.493.520</b>	<b>25.614.771</b>	<b>138.108.291</b>
2.1	Irrevocable Commitments		198.675.812	27.851.451	226.527.263	112.493.520	25.614.771	138.108.291
2.1.1	Asset Purchase Commitments		16.255.671	22.607.820	38.863.491	5.931.540	18.329.423	24.260.963
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		150.000	-	150.000	3.150	-	3.150
2.1.4	Loan Granting Commitments		51.521.682	3.956	51.525.638	22.868.861	19.212	22.888.073
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheque Payments		10.117.968	-	10.117.968	6.609.633	-	6.609.633
2.1.8	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9	Commitments for Credit Card Limits		100.861.357	-	100.861.357	61.707.772	-	61.707.772
2.1.10	Commitments for Credit Cards and Banking Services Promotions		162.372	-	162.372	101.762	-	101.762
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		19.606.762	5.239.675	24.846.437	15.270.802	7.266.136	22.536.938
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	(2)	<b>104.952.121</b>	<b>623.254.178</b>	<b>728.206.299</b>	<b>69.276.503</b>	<b>425.823.436</b>	<b>495.099.939</b>
3.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments		104.952.121	623.254.178	728.206.299	69.276.503	425.823.436	495.099.939
3.2.1	Forward Foreign Currency Buy/Sell Transactions		1.079.526	1.022.713	2.102.239	4.835.428	7.257.118	12.092.546
3.2.1.1	Forward Foreign Currency Transactions-Buy		898.509	229.297	1.127.806	2.421.698	3.628.653	6.050.351
3.2.1.2	Forward Foreign Currency Transactions-Sell		181.017	793.416	974.433	2.413.730	3.628.465	6.042.195
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		100.584.309	610.138.769	710.723.078	64.441.075	408.569.888	473.010.963
3.2.2.1	Foreign Currency Swap-Buy		22.688.302	282.745.839	305.434.141	4.980.360	193.274.290	198.254.650
3.2.2.2	Foreign Currency Swap-Sell		77.616.007	222.289.742	299.905.749	59.090.715	131.020.654	190.111.369
3.2.2.3	Interest Rate Swap-Buy		140.000	52.551.594	52.691.594	185.000	42.137.472	42.322.472
3.2.2.4	Interest Rate Swap-Sell		140.000	52.551.594	52.691.594	185.000	42.137.472	42.322.472
3.2.3	Foreign Currency, Interest rate and Securities Options		2.588.463	11.531.741	14.120.204	-	9.996.430	9.996.430
3.2.3.1	Foreign Currency Options-Buy		1.205.579	5.851.074	7.056.653	-	4.998.463	4.998.463
3.2.3.2	Foreign Currency Options-Sell		1.382.884	5.680.667	7.063.551	-	4.997.967	4.997.967
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		699.823	560.955	1.260.778	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	560.955	560.955	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		699.823	-	699.823	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	-	-	-
<b>B.</b>	<b>CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>3.379.520.046</b>	<b>847.760.601</b>	<b>4.227.280.647</b>	<b>1.952.713.000</b>	<b>584.318.513</b>	<b>2.537.031.513</b>
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>		<b>585.210.290</b>	<b>198.435.705</b>	<b>783.645.995</b>	<b>263.653.975</b>	<b>121.563.137</b>	<b>385.217.112</b>
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		23.400.765	84.080.210	107.480.975	14.933.991	53.322.559	68.256.550
4.3	Cheques Received for Collection		54.866.609	2.720.301	57.586.910	23.819.347	5.134.211	28.953.558
4.4	Commercial Notes Received for Collection		37.245.905	2.216.300	39.462.205	21.450.680	1.632.830	23.083.510
4.5	Other Assets Received for Collection		8.816	-	8.816	8.816	-	8.816
4.6	Assets Received for Public Offering		370.354.780	4.478.652	374.833.432	178.476.218	811.746	179.287.964
4.7	Other Items Under Custody		99.331.766	104.940.242	204.272.008	24.963.274	60.661.791	85.625.065
4.8	Custodians		1.649	-	1.649	-	-	1.649
<b>V.</b>	<b>PLEDGES RECEIVED</b>		<b>2.792.249.655</b>	<b>638.206.635</b>	<b>3.430.456.290</b>	<b>1.687.499.546</b>	<b>454.506.906</b>	<b>2.142.006.452</b>
5.1	Marketable Securities		3.633.077	3.962.984	7.596.061	2.699.422	2.790.764	5.490.186
5.2	Guarantee Notes		37.835.013	4.706.254	42.541.267	23.434.768	5.116.179	28.550.947
5.3	Commodity		919.630	283.969	1.203.599	919.910	205.378	1.125.288
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		2.292.712.885	394.481.029	2.687.193.914	1.362.885.844	281.957.707	1.644.843.551
5.6	Other Pledged Items		457.143.841	234.704.393	691.848.234	297.554.393	164.388.763	461.943.156
5.7	Pledged Items-Depository		5.209	68.006	73.215	5.209	48.115	53.324
<b>VI.</b>	<b>ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>		<b>2.060.101</b>	<b>11.118.261</b>	<b>13.178.362</b>	<b>1.559.479</b>	<b>8.248.470</b>	<b>9.807.949</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>			<b>3.822.564.927</b>	<b>1.774.103.933</b>	<b>5.596.668.860</b>	<b>2.190.646.561</b>	<b>1.242.166.438</b>	<b>3.432.812.999</b>

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

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

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

**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AS OF 31 DECEMBER 2022**

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

	Note (Section Five IV)	Current Period 1 January-31 December 2022	Prior Period 1 January-31 December 2021
<b>IV. STATEMENT OF PROFIT OR LOSS INCOME AND EXPENSE ITEMS</b>			
<b>I. INTEREST INCOME</b>	<b>(1)</b>	<b>220.630.224</b>	<b>101.997.560</b>
1.1 Interest on Loans		121.726.287	72.794.604
1.2 Interest on Reserve Requirements		470.343	1.380.521
1.3 Interest on Banks		2.404.006	136.647
1.4 Interest on Money Market Transactions		89.958	1.785
1.5 Interest on Marketable Securities Portfolio		95.410.008	27.440.109
1.5.1 Fair Value Through Profit or Loss		655.595	341.089
1.5.2 Fair Value Through Other Comprehensive Income		66.921.876	23.592.214
1.5.3 Measured at Amortised Cost		27.832.537	3.506.806
1.6 Financial Lease Interest Income		-	-
1.7 Other Interest Income		529.622	243.894
<b>II. INTEREST EXPENSE (-)</b>	<b>(2)</b>	<b>99.147.327</b>	<b>62.229.826</b>
2.1 Interest on Deposits		73.694.340	41.199.247
2.2 Interest on Funds Borrowed		3.172.250	1.169.834
2.3 Interest Expense on Money Market Transactions		11.753.912	17.261.237
2.4 Interest on Securities Issued		2.858.366	2.118.052
2.5 Interest on Leases		211.378	113.971
2.6 Other Interest Expenses		7.457.081	367.485
<b>III. NET INTEREST INCOME (I - II)</b>		<b>121.482.897</b>	<b>39.767.734</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>13.124.251</b>	<b>5.450.874</b>
4.1 Fees and Commissions Received		17.769.588	7.697.860
4.1.1 Non-cash Loans		2.651.271	1.267.429
4.1.2 Other		15.118.317	6.430.431
4.2 Fees and Commissions Paid (-)		4.645.337	2.246.986
4.2.1 Non-cash Loans		985	731
4.2.2 Other		4.644.352	2.246.255
<b>V. DIVIDEND INCOME</b>	<b>(3)</b>	<b>268.092</b>	<b>137.900</b>
<b>VI. TRADING PROFIT/(LOSS) (Net)</b>	<b>(4)</b>	<b>1.915.334</b>	<b>(11.043.777)</b>
6.1 Trading Gains / (Losses) on Securities		2.371.746	649.507
6.2 Gains / (Losses) on Derivative Financial Transactions		(8.401.013)	(11.746.582)
6.3 Foreign Exchange Gains / (Losses)		7.944.601	53.298
<b>VII. OTHER OPERATING INCOME</b>	<b>(5)</b>	<b>7.735.953</b>	<b>4.444.305</b>
<b>VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>144.526.527</b>	<b>38.757.036</b>
<b>IX. EXPECTED CREDIT LOSS (-)</b>	<b>(6)</b>	<b>29.545.406</b>	<b>14.956.143</b>
<b>X. OTHER PROVISION EXPENSES (-)</b>	<b>(6)</b>	<b>28.794.112</b>	<b>374.148</b>
<b>XI. PERSONNEL EXPENSE (-)</b>		<b>9.210.322</b>	<b>5.195.130</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>(7)</b>	<b>15.726.148</b>	<b>9.318.173</b>
<b>XIII. NET OPERATING PROFIT/(LOSS) (VIII-IX-X-XI-XII)</b>		<b>61.250.539</b>	<b>8.913.442</b>
<b>XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		-	-
<b>XV. PROFIT/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		-	-
<b>XVI. PROFIT/(LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)</b>	<b>(9)</b>	<b>61.250.539</b>	<b>8.913.442</b>
<b>XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(10)</b>	<b>(20.158.162)</b>	<b>(2.622.133)</b>
18.1 Current Tax Provision		(30.324.299)	(2.793.348)
18.2 Deferred Tax Expense Effect (+)		(4.697.178)	(3.449.154)
18.3 Deferred Tax Income Effect (-)		14.863.315	3.620.369
<b>XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)</b>	<b>(11)</b>	<b>41.092.377</b>	<b>6.291.309</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
20.1 Income from Non-current Assets Held for Sale		-	-
20.2 Profit from Sales of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)		-	-
20.3 Income from Other Discontinued Operations		-	-
<b>XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>		-	-
21.1 Expenses for Non-current Assets Held for Sale		-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3 Expenses from Other Discontinued Operations		-	-
<b>XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)</b>		-	-
<b>XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-
23.1 Current Tax Provision		-	-
23.2 Deferred Tax Expense Effect (+)		-	-
23.3 Deferred Tax Income Effect (-)		-	-
<b>XXIV. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		-	-
<b>XXV. NET PROFIT/(LOSS) (XVIII±XXIV)</b>	<b>(12)</b>	<b>41.092.377</b>	<b>6.291.309</b>
Earnings/(Loss) per share (in TL full)		1,343	0,480

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

**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
AS OF 31 DECEMBER 2022**

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

<b>V. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>	<b>Current Period 1 January-31 December 2022</b>	<b>Prior Period 1 January-31 December 2021</b>
<b>I. PROFIT (LOSS)</b>	<b>41.092.377</b>	<b>6.291.309</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>42.442.637</b>	<b>(2.551.255)</b>
2.1 Other Comprehensive Income That will Not Be Reclassified To Profit or Loss	19.090.343	4.132.870
2.1.1 Gains (Losses) on Revaluation of Property, Plant and Equipment	9.832.704	(98.994)
2.1.2 Gains (losses) on revaluation of Intangible Assets	-	-
2.1.3 Gains (losses) on remeasurements of defined benefit plans	(3.961.564)	270.098
2.1.4 Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	17.869.882	4.525.995
2.1.5 Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	(4.650.679)	(564.229)
2.2 Other Comprehensive Income That Will Be Reclassified to Profit or Loss	23.352.294	(6.684.125)
2.2.1 Exchange Differences on Translation	-	-
2.2.2 Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	30.665.923	(8.348.810)
2.2.3 Income (Loss) Related with Cash Flow Hedges	-	-
2.2.4 Income (Loss) Related with Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	-	-
2.2.6 Taxes on Other Comprehensive Income to be Reclassified to Profit or Loss	(7.313.629)	1.664.685
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>83.535.014</b>	<b>3.740.054</b>

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**CONVENIENCE TRANSLATION OF UNCONSOLIDATED  
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**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.**

**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 31 DECEMBER 2022**

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

VI. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premiums	Share Cancellation Profit	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)	Total Equity
					1	2	3	4	5	6				
					<b>CURRENT PERIOD 31 December 2022</b>									
<b>I. Prior Period End Balance</b>	13.100.000	-	-	-	4.760.771	203.462	10.889.174	-	(5.835.815)	-	67.627.159	6.355.008	-	97.099.759
<b>II. Made According to TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. New Balance (I+II)</b>	13.100.000	-	-	-	4.760.771	203.462	10.889.174	-	(5.835.815)	-	67.627.159	6.355.008	-	97.099.759
<b>IV. Total Comprehensive Income (Loss)</b>	-	-	-	-	8.478.234	(2.983.889)	13.595.998	-	23.352.294	-	-	-	41.092.377	83.535.014
<b>V. Capital Increase in Cash</b>	21.800.000	-	-	-	-	-	-	-	-	-	-	-	-	21.800.000
<b>VI. Capital Increase Through Internal Reserves</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Paid-in capital inflation adjustment difference</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible Bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated debt instruments Increase/(Decrease) Through Other Changes</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Profit distribution</b>	-	-	-	-	-	-	25.648	-	-	-	6.329.360	(6.355.008)	-	45.090
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to reserves	-	-	-	-	-	-	-	-	-	6.291.309	(6.291.309)	-	-	-
11.3 Other	-	-	-	-	-	-	25.648	-	-	38.051	(63.699)	-	-	-
<b>Balance at the end of the period (III+IV+.....+X+XI)</b>	34.900.000	-	-	-	13.239.005	(2.780.427)	24.510.820	-	17.516.479	-	73.956.519	45.090	41.092.377	202.479.863

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))

4. Exchange Differences on Translation

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

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

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

**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 31 DECEMBER 2021**

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

VI. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premiums	Share Cancellation Profit	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)	Total Equity
					1	2	3	4	5	6				
					<b>PRIOR PERIOD 31 December 2021</b>									
<b>I. Prior Period End Balance</b>	13.100.000	-	-	(17.745)	4.849.771	(12.616)	4.769.008	-	848.310	-	58.398.544	11.342.988	-	93.278.260
<b>II. Corrections and Accounting Policy Changes Made According to TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. New Balance (I+II)</b>	13.100.000	-	-	(17.745)	4.849.771	(12.616)	4.769.008	-	848.310	-	58.398.544	11.342.988	-	93.278.260
<b>IV. Total Comprehensive Income (Loss)</b>	-	-	-	-	(89.000)	216.078	4.005.792	-	(6.684.125)	-	-	-	6.291.309	3.740.054
<b>V. Capital Increase in Cash</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Capital Increase Through Internal Reserves</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Paid-in capital inflation adjustment difference</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible Bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated debt instruments</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Increase/(Decrease) Through Other Changes</b>	-	-	-	17.745	-	-	-	-	-	-	-	63.700	-	81.445
<b>XI. Profit distribution</b>	-	-	-	-	-	-	2.114.374	-	-	-	9.228.615	(11.342.989)	-	-
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to reserves	-	-	-	-	-	-	-	-	-	-	8.577.454	(8.577.454)	-	-
11.3 Other	-	-	-	-	-	-	2.114.374	-	-	-	651.161	(2.765.535)	-	-
<b>Balance at the end of the period (III+IV+.....+X+XI)</b>	13.100.000	-	-	-	4.760.771	203.462	10.889.174	-	(5.835.815)	-	67.627.159	63.699	6.291.309	97.099.759

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)

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

**UNCONSOLIDATED STATEMENT OF CASH FLOWS AS OF 31 DECEMBER 2022**

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

<b>VII. STATEMENT OF CASH FLOWS</b>	<b>Note (Section Five)</b>	<b>Current Period 1 January- 31 December 2022</b>	<b>Prior Period 1 January- 31 December 2021</b>
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		67.733.997	8.923.763
1.1.1 Interest Received		179.020.646	87.832.669
1.1.2 Interest Paid		(91.764.043)	(60.537.999)
1.1.3 Dividend Received		268.092	137.900
1.1.4 Fees and Commissions Received		24.888.411	7.969.148
1.1.5 Other Income		5.535.844	1.886.653
1.1.6 Collections from Previously Written-off Loans and Other Receivables		5.006.546	3.872.985
1.1.7 Cash Payments to Personnel and Service Suppliers		(10.414.153)	(5.847.526)
1.1.8 Taxes Paid		(24.426.232)	(3.577.299)
1.1.9 Other		(20.381.114)	(22.812.768)
1.2 Changes in Operating Assets and Liabilities		116.833.398	78.572.840
1.2.1 Net (Increase) / Decrease in Financial Assets at Fair Value Through Profit Or Loss		(6.292.383)	(3.457.057)
1.2.2 Net (Increase) / Decrease in Due from Banks and Other Financial Institutions		(64.563.387)	(67.748.522)
1.2.3 Net (Increase) / Decrease in Loans		(469.282.613)	(96.586.900)
1.2.4 Net (Increase) / Decrease in Other Assets		(24.540.989)	22.801
1.2.5 Net Increase / (Decrease) in Bank Deposits		19.870.382	15.745.502
1.2.6 Net Increase / (Decrease) in Other Deposits		708.251.687	168.851.070
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		24.779.504	(3.970.974)
1.2.9 Net Increase / (Decrease) in Payables		-	-
1.2.10 Net Increase / (Decrease) in Other Liabilities		(71.388.803)	65.716.920
<b>I. Net Cash Provided from Banking Operations</b>		<b>184.567.395</b>	<b>87.496.603</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Provided from Investing Activities</b>		<b>(102.630.939)</b>	<b>(27.431.826)</b>
2.1 Cash Paid for Acquisition of Investments, Associates, Subsidiaries and Entities under Common Control (Joint Venture)		(3.365.014)	(910.404)
2.2 Cash Obtained from Disposal of Investments, Associates, Subsidiaries and Entities under Common Control (Joint Venture)		1.750	-
2.3 Purchases of Property and Equipment		(2.023.106)	(806.841)
2.4 Disposals of Property and Equipment		103.766	1.320.001
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(89.075.961)	(64.365.341)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		70.973.847	38.092.046
2.7 Purchase of Financial Assets Measured at Amortized Cost		(81.022.121)	(3.551.118)
2.8 Sale of Financial Assets Measured at Amortized Cost		1.775.900	2.789.831
2.9 Other		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided from Financing Activities</b>		<b>14.287.974</b>	<b>(476.871)</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued		2.678.838	5.634.457
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(9.705.529)	(5.818.042)
3.3 Issued Equity Instruments		21.800.000	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(485.335)	(293.286)
3.6 Other		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>(1)</b>	<b>4.383.503</b>	<b>1.232.458</b>
<b>V. Net Increase in Cash and Cash Equivalents (I+II+III+IV)</b>		<b>100.607.933</b>	<b>60.820.364</b>
<b>VI. Cash and Cash Equivalents at Beginning of the Period</b>	<b>(1)</b>	<b>95.667.786</b>	<b>34.847.422</b>
<b>VII. Cash and Cash Equivalents at End of the Period</b>	<b>(1)</b>	<b>196.275.719</b>	<b>95.667.786</b>

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

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**STATEMENT OF PROFIT DISTRIBUTION AS OF 31 DECEMBER 2022**

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

VIII. STATEMENT OF PROFIT DISTRIBUTION <sup>(*)</sup>	Current Period 31 December 2022	Prior Period 31 December 2021
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 Current Year Income	61.250.539	8.913.442
1.2 Taxes And Duties Payable (-)	(20.158.162)	(2.622.133)
1.2.1 Corporate Tax (Income tax)	(30.324.299)	(2.793.348)
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	10.166.137	171.215
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>41.092.377</b>	<b>6.291.309</b>
1.3 Prior Year Losses (-)	-	-
1.4 First Legal Reserves (-)	-	314.565
1.5 Other Statutory Reserves (-)	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>-</b>	<b>5.976.744</b>
1.6 First Dividend to Shareholders (-)	-	-
1.6.1 To Owners of Ordinary Shares	-	-
1.6.2 To Owners of Privileged Shares	-	-
1.6.3 To Owners of Preferred Shares	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.7 Dividends to Personnel (-)	-	-
1.8 Dividends to Board of Directors (-)	-	-
1.9 Second Dividend to Shareholders (-)	-	-
1.9.1 To Owners of Ordinary Shares	-	-
1.9.2 To Owners of Privileged Shares	-	-
1.9.3 To Owners of Preferred Shares	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.10 Statutory Reserves (-)	-	-
1.11 Extraordinary Reserves	-	5.976.744
1.12 Other Reserves	-	-
1.13 Special Funds	-	-
<b>II. DISTRIBUTION OF RESERVES</b>		
2.1 Appropriated Reserves	-	-
2.2 Dividends to Shareholders (-)	-	-
2.3.1 To Owners of Ordinary Shares	-	-
2.3.2 To Owners of Privileged Shares	-	-
2.3.3 To Owners of Preferred Shares	-	-
2.3.4 To Profit Sharing Bonds	-	-
2.3.5 To Holders of Profit and Loss Sharing Certificates	-	-
2.3. Dividends to Personnel (-)	-	-
2.4 Dividends to Board of Directors (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
3.1 To Owners of Ordinary Shares	-	0,4803
3.2 To Owners of Ordinary Shares (%)	-	48,03
3.3 To Owners of Privileged Shares	-	-
3.4 To Owners of Privileged Shares (%)	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1 To Owners of Ordinary Shares	-	-
4.2 To Owners of Ordinary Shares (%)	-	-
4.3 To Owners of Privileged Shares	-	-
4.4 To Owners of Privileged Shares (%)	-	-

<sup>(\*)</sup> Profit distribution is decided by the Ordinary General Assembly of the Bank. As of the date the financial statements were prepared, the General Assembly meeting for 2022 has not been held yet.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED  
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**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**

**AS OF 31 DECEMBER 2022**

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

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**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES**

**I. BASIS OF PRESENTATION**

The unconsolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” (“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 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 unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” published in the Official Gazette No. 28337, dated 28 June 2012 and “Communiqué on Public Disclosures on Risk Management”, 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.

The unconsolidated financial statements have been prepared 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 related disclosures are expressed in Thousand Turkish Lira (“TL”)



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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

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

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### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

The Bank reflected the estimates and judgments into the calculation of expected credit losses with the maximum effort and the best estimation method. The Bank has revised its macroeconomic expectations and has reflected to the financial statement as of 31 December 2022, by taking into account the change in probability of default and loss given default.

In this context, the Bank has measured the impact of its macroeconomic expectations on NPL receivables in different scenarios. In the NPL conversion rate, it has taken into consideration in the calculation by reflecting the coefficient, which is considered to reflect the current situation, to the loan parameters. The Bank increased the weight of the adverse scenario in the expected credit loss calculation.

On January 20, 2022, the Public Oversight Authority made a statement on whether the Financial Reporting Standard (“TAS 29”) in Hyperinflationary Economies shall be applied within the scope of Türkiye Financial Reporting Standards. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. As of the preparation date of these financial statements, no new announcement has been made by the Public Oversight Authority in this context, and no inflation adjustment has been made in the financial statements dated 31 December 2022 within the scope of TAS 29 Financial Reporting Standard in Hyperinflationary Economies.

The Bank has a subsidiary operating in Russia with the title of “Ziraat Bank (Moscow) JSC”. The tension between Russia and Ukraine for a long time turned into a hot conflict in the first quarter of 2022. In the process that started with Russia's intervention in Ukraine, the international sanctions against the Russian Federation and the countermeasures implemented by Russia against them had significant effects on the financial markets. Entering this process with a strong equity structure and high liquidity, Ziraat Bank (Moscow) JSC, the subsidiary of the Bank, did not encounter any difficulties.

The new measures and practices brought by the Central Bank of Russia were aimed at reducing foreign exchange outflow from the country and keeping the credit channels provided to the real sector open. All financial services previously provided by Ziraat Bank (Moscow) JSC are maintained in accordance with the rules of the local regulatory authority.

The crisis is not expected to have a negative impact on the Bank's operations. Developments that may occur on a global scale, their possible reflections on the global and regional economy and their effects on the Bank's operations are closely monitored and considered with the best estimation approach in the preparation of financial statements.

#### **Benchmark Interest Rate Reform**

The Benchmark Interest Rate Reform, which brings amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2021, has been implemented. With the amendments made, certain exceptions are provided for the basis used in determining contractual cash flows and hedge accounting provisions. The Bank has participated in international protocols within the scope of IBOR transformation. Indicator Interest Rates have started to be used in new transactions with variable interest rates, and contract amendment processes regarding existing transactions are continuing. In addition, real and legal person customers who use Reference Interest Rates such as USD LIBOR, EUR LIBOR, GBP LIBOR, JPY LIBOR, EURIBOR, or TRLIBOR in the calculation of interest rates in loan, derivative products and securities transactions regarding the changes in Reference Interest Rates are informed on the website. The date on which the publication of LIBOR benchmark interest rates in US Dollars (USD) for overnight, 1-month, 3-month, 6-month and 12-month maturities will cease or will cease to be representative is 30 June 2023.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

Main activity of the 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 Bank adopts higher return principle for its long-term placements.

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

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

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

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

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 risk arising from foreign currency conversion of Ziraat Bank International AG, Ziraat Bank BH dd and Ziraat Bank Montenegro AD, the Bank’s subsidiaries to which capital was paid in Euro amounts, Euro deposits are used for hedging purposes. Information on fair value hedge accounting applied in order to hedge the said total capital amount of EUR 336.627 thousand (31 December 2021: EUR 288.527 thousand), which is associated with this purpose, from exchange rate risk effects arising from changes in foreign exchange rates, is presented in Section Four, article no IX. Assets and liabilities of the overseas branches of the Bank are converted into Turkish Lira with the Bank’s prevailing counter currency buying rates at the balance sheet date.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

Investments related to joint ventures and financial subsidiaries are monitored with their fair values in the unconsolidated financial statements according to "Separate Financial Statements Türkiye Accounting Standard 27 (TAS 27)" and the scope of TFRS 9 Financial Instruments Standard. The fair values were determined with the valuation reports prepared for the mentioned partnerships and the changes in the fair values were accounted under equity as of the valuation date.

Subsidiaries are accounted for at their cost value within the scope of TAS 27 and are reflected in the unconsolidated financial statements after the provision for depreciation is deducted, if any.

**IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS**

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

Derivative financial instruments of the Bank are classified under "TFRS 9 Financial Instruments Standard" ("TFRS 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. Differences in fair value as a result of the valuation are accounted for under profit/loss from derivative financial transactions and profit/loss from foreign exchange transactions in the commercial profit/loss item in the profit or loss statement.

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.

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

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

Interest income from financial assets is 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 Provision) 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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

Income and expenses 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 commercial loans are transferred to income accounts according to periodicity principle using effective interest rate method on an accrual basis.

**VII. EXPLANATIONS ON FINANCIAL ASSETS**

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

The Bank classifies and recognizes its financial assets as "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 Bank's commercial activities and operations. These instruments have the ability to expose, affect and diminish the liquidity, credit and interest rate risks in the financial statements.

**Classification and Measurement Within the Scope of TFRS 9**

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

"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**

Financial assets at fair value through profit or loss are the 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.

Among the financial assets at fair value through profit or loss, Government Bonds and Treasury Bills traded in the BIST, the weighted average clearing prices formed in the BIST on the balance sheet date, and the financial assets not traded in the BIST, with the prices of the Central Bank of the Republic of Türkiye, Eurobonds Bench The transaction prices in the Upmarket and the funds in the Bank's portfolio are valued according to the fund price announced for the relevant day. Gains and losses resulting from the valuation are included in the profit/loss accounts.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**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.

Financial assets at fair value through other comprehensive income are subsequently measured at their fair value. The interest income of financial assets at 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. “Unrealized profits and losses”, the difference between the fair value of debt instruments at fair value through other comprehensive income and their amortized cost, are not reflected in the statement of profit or loss for the period until the corresponding financial asset is collected, sold, disposed of or weakened and is followed in the “Other Comprehensive Income or Expenses to be Reclassified in Profit or Loss” account under equity. Accumulated fair value differences under equity are reflected to the income statement when such securities are collected or disposed.

Securities representing a share in the capital are recognized at fair value if they are traded in organized markets and / or their fair value can be determined reliably, and if they are not traded in organized markets, they are reflected in the financial statements with their values found using other valuation models. The valuation differences of the said securities are followed in the “Other Accumulated Comprehensive Income or Expenses Not to be Reclassified in Profit or Loss” account under equity.

**Financial Assets at Measured at Amortized Cost**

A financial asset is classified as a financial asset 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 is recognized at cost which represents its fair value at initial recognition by adding the transaction costs and subsequently measured at amortized 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 “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 Bank also updates the estimated inflation rate used throughout the year in case of necessity.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**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. The repayments of foreign exchange indexed loans, which were extended in TL at the Bank's counter foreign exchange buying rate valid on the date of use, are collected in TL equivalents calculated over the Bank's counter foreign exchange selling rate valid on the installment collection date.

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

**Explanations on Expected Loss Provisions**

The Bank 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 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.

In addition, the Bank made provision on the model outputs for customer groups, which it believed that the model did not statistically respond to credit risk factors, using expert opinion. The reserve will be reviewed in the following reporting periods, taking into account the loan portfolio and changes in future expectations.

**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:

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**Impairment (Continued)**

- 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 lifetime loss expectancy.

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

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

The Bank considers the debt to be in default in the following two cases:

- 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.
- 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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

**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 Bank uses the macroeconomic forecasting model developed during the creation of multiple scenarios to be used in expected credit loss calculations. The macroeconomic variables that stand out during this estimation are the Gross Domestic Product (GDP) and the consumer price index (CPI), and risk parameters are updated if deemed necessary, taking into account their compatibility with the portfolio. In addition to macroeconomic indicators, the Bank preferred the precautionary approach by adding expert opinion while creating macroeconomic models, taking into account the economic conditions, and the numerical effects of these risks were also included in the models.



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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**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 analyzing 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 "Regulation on the Amendment of the Regulation on the Classification of Loans and the Procedures and Principles Regarding the Classification of Loans and Provisions for These" entered into force with its publication in the Official Gazette No.31533 on 6 July 2021. Pursuant to the regulation, the 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) within the period deemed appropriate by the bank specific to the situation of the debtor, 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.

**IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS**

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

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

Securities 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 Bank, and they are subject to valuation according to the portfolio which are belong. Funds obtained in return for repo agreements are accounted in "Money Markets Receivables" account and interest expense accruals for the period are calculated with the effective interest rate method.

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

**XI. INFORMATION ON NON-CURRENT 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 Bank 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 Bank.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**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 (Continued)**

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. Various events or circumstances may extend the completion time of the sale transaction beyond one year. Assets are continued to be classified as held for sale if there is sufficient evidence that the delay is due to events or conditions beyond the Bank's control and that the Bank's plan to sell the related asset (or disposal group) is in progress.

The properties acquired by the Bank 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 division of a business that is classified as disposed or held for sale. The results related to discontinuing operations are presented separately in the profit or loss statement. The Bank does not have any discontinued operations.

**XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS**

As of the balance sheet date, there is no goodwill in the financial statements of the Bank.

Other intangible assets are based on their initial acquisition amounts and other direct costs required to make the asset available. Other intangible assets were revalued 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.

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT**

Property and equipment are measured at its cost when initially recognized and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. As of 31 January 2014, the Bank has changed its accounting policies and has decided to pursue the real estates registered in its portfolio at fair values. The valuation differences resulting from the valuations of real estates made by independent appraisal firms are accounted for in the revaluation differences account of tangible fixed assets under shareholders' equity.

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

Estimated useful lives and amortization rates of property and equipment are below:

	<b>Estimated Useful Lives (Year)</b>	<b>Amortization Rate</b>
Buildings	50	2%
Safe-deposit boxes	50	2%
Other movable properties	3-15	4-33,33%
Assets held under 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.

**XIV. EXPLANATIONS ON LEASING TRANSACTIONS**

**Leases in TFRS 16**

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XIV. EXPLANATIONS ON LEASING TRANSACTIONS (Continued)  
Leases in TFRS 16 (Continued)**

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

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

The Bank 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.

Tangible assets that are acquired under leasing are amortized with respect to the rates used for directly acquired assets that have similar nature. Assets held under 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 fixed assets that are acquired under leasing are charged to liability account “Lease Liabilities”, whereas interests are recognized in “Deferred Leasing Expenses” account. At installment payments, principal and interest amount of installment amount is debited to “Lease Liabilities” account, whereas interest is credited in “Deferred Leasing Expenses” account and recorded to the “Other Interest Expenses”.

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

**XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES**

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

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

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

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

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS**

**Employment Termination and Vacation Benefits**

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

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

The Bank uses independent actuaries in determining liability, and also makes assumptions about issues such as discount rate and inflation. As of 31 December 2022, retirement benefit obligation is TL 5.997.944 (31 December 2021: TL 1.355.145).

	<b>Current Period</b>	<b>Prior Period</b>
Discount Rate	10,60%	19,20%
Inflation	10,08%	14,30%

The Bank accounts for actuarial losses and gains under shareholders' equity in accordance with the revised TAS 19 Turkish Accounting Standard for Employee Benefits, which came into force as of January 1, 2013. The Bank reclassified actuarial loss of TL 2.780.427 after deferred tax effect under shareholders' equity (31 December 2021: TL 203.462 gain).

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

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

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

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

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

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

Lastly, 51st article of Law No.6645 dated 23 April 2015, published on Official Gazette and the first paragraph of the transient 20th article of Law No.5510 related to the transfer of Bank and Insurance Funds to Social Security Institution; “Council of Ministers is the authority to determine the date of transfer of banks, insurance and 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 2022 which is prepared in accordance with the new law and the rate determined as 9,80%, concluded no technical deficit arises in the above-mentioned fund. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank’s financial statements.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVII. EXPLANATIONS ON TAXATION**

**Current Tax**

The corporate tax rate of 20% was 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 for corporate earnings.

However;

- Pursuant to Article 25 of Law No. 7394 published in the Official Gazette dated April 15, 2022 and numbered 31810; Corporate tax rate has been determined as 25% for banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. This provision entered into force on April 15, 2022 to be applied to corporate earnings for the 2022 taxation period, and as of December 31, 2022, the corporate tax rate was applied as 25% in the financial statements.

The corporate tax rate is applied to the tax base to be found as a result of the addition of the non-deductible expenses in accordance with the tax laws to the commercial income of the corporations, and deducting the exceptions (such as the participation earnings exemption) and deductions in the tax laws. No further tax is paid if the profit is not distributed.

Dividends paid to non-resident corporations, which have a place of business or permanent attorney in Türkiye or to resident corporations are not subject to withholding tax. While dividends paid to individuals and corporations were subject to withholding tax at the rate of 15%, this rate has been changed to 10% with the Presidential Decision published in the Official Gazette dated 22 December 2021 and No. 31697. Addition of profit to capital is not considered as profit distribution and withholding tax is not applied.

Corporations calculate advance tax quarterly on their financial profits at the corporate tax rate valid for that year and declare and pay until the 17th day of the second month following that period. Advance tax paid by corporations for the current period is offset 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 used to offset any other financial liabilities to the government.

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

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

Taxes which do 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).

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**Current Tax (Continued)**

Moreover, according to 5.1.f. article of Corporation Tax Law; corporations which have been fallen to legal proceedings because of owe to the bank or Savings Deposit Insurance Funds, and their warranters’ real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors’ revenues that used for against debts or transferring to SDIF, 50% of the profits arising from the sale of the said assets obtained by the banks in this way, and 75% of the profits arising from the sale of others are exempted from corporation tax.

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.

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. As of the end of the 2021 calendar year, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298/A of the Tax Procedure Law. However, with the Law No. 7352 on the Amendment of the Tax Procedure Law and the Corporate Tax Law, published in the Official Gazette dated 29 January 2022 and numbered 31734, the temporary article 33 was added to the Tax Procedure Law No. 213, including the provisional tax periods. Financial statements will not be subject to inflation adjustment for the 2021 and 2022 accounting periods (for those designated as a special accounting period, as of the accounting periods ending in 2022 and 2023) and the provisional tax periods for the 2023 accounting period, regardless of whether the conditions for the repetitive inflation adjustment within the scope of Article 298 are met, It has been enacted that the 2023 financial statements will be subject to inflation adjustment regardless of whether the conditions for the inflation adjustment are met, and the profit/loss differences arising from the inflation adjustment to be made will be shown in the previous years' profit/loss account.

**Deferred Tax**

In accordance with TAS 12 “Turkish Accounting Standards Relating to Income Tax” and taking into account the additional regulation introduced by the Law No. 7316 of 22 April 2021, the Bank calculates and recognizes deferred tax for temporary differences between the bases calculated based on the accounting policies used and valuation principles and that calculated under the tax legislation.

In accordance with the Law No. 7316 published in the Official Gazette dated April 22, 2021, the corporate tax rate has been increased to 25% for the taxation period of 2021, starting from the declarations that must be submitted as of July 1, 2021 and being valid for the taxation period starting from January 1, 2021. It was announced that this rate will be applied as 23% for the taxation period of 2022 and 20% for the taxation periods of 2023 and beyond.



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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**Deferred Tax (Continued)**

However, with the Law No. 7394 on the Evaluation of Immovable Property Owned by the Treasury and Amending the Value Added Tax Law, which was published in the Official Gazette dated April 15, 2022 and numbered 31810, and the Law on Amendments to Some Laws and Decree-Laws, Article 26 With the paragraph added to the temporary article 13 of the Corporate Tax Law No. 5520, it is stated that the Corporate Tax rate will be rearranged for the corporate earnings of the 2022 taxation period and the tax rate will be applied as 25% for the banks.

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. As deferred tax assets or liabilities within the scope of TAS 12 are calculated based on the tax rates (and tax laws) effective or almost certain to come into effect as of the end of the reporting period (balance sheet date), using the tax rates expected to be applied in the periods when the assets are converted into income or the liabilities are paid, the Bank has as of 31 December 2022, deferred tax calculations were made based on rates varying 25% on assets and liabilities. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by generating taxable profit in the future. Except for goodwill or business combinations, deferred tax liability or asset is not calculated for temporary timing differences arising from the initial recognition of assets or liabilities and which do not affect both commercial and financial profit or loss.

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

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

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

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 1 January 2018. Deferred rate calculation for free provisions is not calculated.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVIII. EXPLANATIONS ON BORROWING**

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

If required, the Bank borrows from domestic and foreign real people and entities with debt instruments such as bill/bond issuance. These transactions are recognized at fair value including acquisition costs at the transaction date while accounted with effective interest rate method over their discounted costs in the following periods. The Bank has issued no convertible bonds to shares and has no instruments representing its own borrowings.

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

There are no issued shares by The Bank.

**XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES**

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

**XXI. EXPLANATIONS ON GOVERNMENT GRANTS**

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

**XXII. CASH AND CASH EQUIVALENTS**

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

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

**XXIII. EXPLANATIONS ON SEGMENT REPORTING**

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

**XXIV. EXPLANATIONS ON OTHER MATTERS**

None.

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**SECTION FOUR**

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

**I. EXPLANATIONS ON THE COMPONENTS OF 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 these, the following regulations of the BRSA.

- In accordance with the Decision of the Banking Regulation and Supervision Agency dated 28 April 2022 and numbered 10188, the Central Bank's foreign exchange buying rate of 31 December 2021 was used while calculating the valued amounts in foreign currency in calculating the amount subject to credit risk.
- Within the framework of the regulation dated 21 December 2021 No. 9996, 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 calculation of equity amount. The said exception was not used in the calculation of equity as of 31 December 2022.

As of 31 December 2022, Bank's total regulatory capital has been calculated as TL 244.685.816 (31 December 2021: TL 131.051.873), capital adequacy ratio is 16,53% (31 December 2021: 16,52%). This ratio is well above the minimum ratio required by the legislation.

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

	Current Period 31 December 2022	Prior Period 31 December 2021
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	34.900.000	13.100.000
Share issue premiums	-	-
Reserves	73.956.519	67.627.159
Gains recognized in equity as per TAS	81.600.342	21.005.831
Profit	41.137.467	6.355.008
Current Period Profit	41.092.377	6.291.309
Prior Period Profit	45.090	63.699
Shares acquired free of charge from subsidiaries, affiliates and entities under common control and cannot be recognized within profit for the period	279.341	138.703
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>231.873.669</b>	<b>108.226.701</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	29.393.805	5.329.097
Improvement costs for operating leasing	10.269	10.219
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	2.272.601	1.365.095
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-

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

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

	Current Period 31 December 2022	Prior Period 31 December 2021
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	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>31.676.675</b>	<b>6.704.411</b>
<b>Total Common Equity Tier I Capital</b>	<b>200.196.994</b>	<b>101.522.290</b>
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	27.979.840	20.710.200
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>27.979.840</b>	<b>20.710.200</b>
<b>Deductions from Additional Tier I Capital</b>		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items to be defined by the BRSA (-)	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
<b>Total Deductions from Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>27.979.840</b>	<b>20.710.200</b>
<b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>	<b>228.176.834</b>	<b>122.232.490</b>
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	16.524.427	8.833.639
<b>Tier II Capital Before Deductions</b>	<b>16.524.427</b>	<b>8.833.639</b>
<b>Deductions from Tier II Capital</b>		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>16.524.427</b>	<b>8.833.639</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>244.701.261</b>	<b>131.066.129</b>

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

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

	Current Period 31 December 2022	Prior Period 31 December 2021
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>244.701.261</b>	<b>131.066.129</b>
Deductions from Capital Loans granted contrary to the 50th and 51st Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	15.445	14.256
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
<b>CAPITAL</b>		
Total Capital (Total of Tier I Capital and Tier II Capital)	244.685.816	131.051.873
Total Risk Weighted Assets	1.480.273.848	793.370.100
<b>CAPITAL ADEQUACY RATIOS</b>		
CET 1 Capital Ratio (%)	13,52	12,80
Tier I Capital Ratio (%)	15,42	15,41
Capital Adequacy Ratio (%)	16,53	16,52
<b>BUFFERS</b>		
Total additional core capital requirement ratio (a+b+c)	2,531	2,538
a) Capital conservation buffer requirement (%)	2,50	2,50
b) Bank specific countercyclical buffer requirement (%)	0,031	0,038
c) Higher bank buffer requirement ratio (%) (*)	-	-
Additional CET 1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	9,02	8,30
Amounts Lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	311.791	255.802
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	135.876	95.387
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	-	1.519.079
<b>Limits for Provisions Used in Tier II Capital Calculation</b>		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per the thousand	44.106.096	18.998.909
General Loan Provisions for Exposures in Standard Approach Limited by 1,25% of Risk Weighted Assets	16.524.427	8.833.639
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

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

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

**2. Items Included in Capital Calculation**

<b>Information about instruments included in total capital calculation-Current Period</b>	
Issuer	T.C Ziraat Bankası A.Ş.
Identifier (CUSIP, ISIN etc.)	XS1984644739
Governing law (s) of the instrument	Subject to English Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Communiqué VII-128.8 on Debt Instruments of the Capital Markets Board and the Regulation on Bank Capital of the BRSA.
<b>Regulatory treatment</b>	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Eligible on unconsolidated and consolidated
Instrument type	Additional Capital Bond Issuance (Tier 1 Capital)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	27.980
Nominal value of instrument (TL million)	27.980
Accounting classification of the instrument	347001 - Subordinated Debts
Original date of issuance	24.04.2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Issue date of the instrument	24.04.2019
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	Subject to the approval of the BRSA, a repayment option is available at the end of each 5-year period from the date of issue.
Subsequent call dates, if applicable	24.04.2024
<b>Interest/dividend payment</b>	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	First 5 years fixed 5,076%, next 5 years MS + 5,031% fixed
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	Fully discretionary
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
<b>Convertible into equity shares</b>	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
<b>Write-down feature</b>	
If bonds can be written-down, write-down trigger(s)	Yes. Article 7 of the Regulation on Bank Capital
If bond can be written-down, full or partial	Has full or partial write down feature
If bond can be written-down, permanent or temporary	Has permanent or temporary write down feature
If temporary write-down, description of write-up mechanism.	Has-write up mechanism
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance Sheet - Equity</b>	<b>202.479.863</b>	<b>97.099.759</b>
Operational Leasing Development Costs	(10.269)	(10.219)
Goodwill and Other Intangible Assets and Related Deferred Taxes Liabilities	(2.272.601)	(1.365.095)
TIER 2 Capital (Provisions)	16.524.427	8.833.639
Debt Instruments and the Related Issuance Premiums Defined by the BRSA TIER 2 Capital (Provisions)	27.979.840	20.710.200
Other deductions from common equity	(15.445)	(14.256)
Other regulations	-	5.797.845
<b>Amount recognized in regulatory capital</b>	<b>244.685.816</b>	<b>131.051.873</b>

**II. EXPLANATIONS ON CREDIT RISK**

**1. Information on Credit Risk**

Credit risk is the possibility of loss that the bank may be exposed due to the partial or complete default of the debtor by not complying to the obligations of the agreement made, or due to the decrease in credit worthiness.

The limits of the credit customers are identified, after combined assessment of various factors like the financial and non-financial information of the credit customers, credit requirements, sectoral and geographical features and, in conformity with the legal legislation, in line with the credit authorization limits of the branches, Group Presidencies, Department Presidencies, Assistant General Management, General Manager, Credit Committee and Board of Directors.

In order to prevent the risk intensity on the Corporate/Commercial loan portfolio, limits are determined and followed on the basis of group companies, private and public firms, and different debtor groups. Similarly, in determining the limits of the agricultural loan portfolio the structures of the regions are considered. The bank’s credit authority limits on given consumer loans are defined with the separation of type and guarantee and these limits are updated according to economic conjuncture and demands of Regional Directorates/Branches.

The limits, subjects, collateral structure, maturities, accounts booked, outstanding balances of the loans allocated by the branches are periodically analyzed depending on the number of customers and monitored on customer and regional basis.

In corporate/commercial loans, companies continue to be monitored after the allocation of the loan, and changes in the financial structures and market relations of loan companies are followed. Credit limits are determined and approved to be valid for one year, and renewals are made provided that there is no negative change in the customer's situation (financial structure, market, collateral, etc.).

The Bank is assessing credibility of the customer as the essential factor in issuing credits and creditors’ credit worthiness are ascertained during credit application and limit allocation/renewal. Documents to be obtained during the application are evidently mentioned in regulations and appropriateness of the documents obtained during application is controlled by internal audit departments. The Bank considers guarantees as important in minimization and elimination of the risk. As a result of policies and process based on obtaining reliable and robust guarantees, the Bank’s credit risk significantly declines.

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

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

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

**II. EXPLANATIONS ON CREDIT RISK (Continued)**

**1. Information on Credit Risk (Continued)**

On August 2012 the Bank started applying internal ratings processes as a decision support system for analyzing credit worthiness and determining credit allocation for Corporate/Commercial consumer loans.

The Bank makes provision in conformity with the “Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions”.

Identification of limits for domestic and foreign banks are done by rating which is determined by considering the needs of clients and departments together with financial and economic conditions of the banks and their countries. When banks and/or countries are financially or economically risky, identified limits can be restricted with maturity, amount or type of transaction or use of credit is called off.

Since the Bank’s abroad lending operations have no significant effect on the financial statements, and operations and transactions are diversified via the use of different financial institutions in various countries, the Bank is not believed to be exposed to a significant credit risk as a result of these operations.

Foreign financial institution and country risks of the Bank are generally taken on financial institutions and countries which are rated by international rating institutions. Treasury operations are executed in the frame of pre-determined authorization and limits, these authorization and limits are monitored. Client transactions within the context of Fund Management are done in the frame of general loan limits determined for the client.

The Bank engages in foreign currency swaps and forward transactions considering its asset-liability balance and legal limits within the framework of the authorities and limits determined by the Board of Directors. These are not considered to generate material risk given the amount of these transactions in the balance sheet.

Non-cash risks of customers classified as non-performing loans in accordance with the Communiqué on “Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions” are subjected to expected loss provision (Stage 3) under the same regulation, when the related risks are reimbursed and transformed into cash receivables, they are followed up in the same risk group as the cash loan which was previously classified as non-performing loans and the expected losses provision (Stage 3) continues to be provided.

Restructured and rescheduled loans are also booked in line with procedures and under accounts defined by the related regulation. Furthermore, they are monitored by the bank in line with credit risk policies. In this context, financial situation and commercial operations of related customers are analyzed and in terms of restructured plan, whether principal and interest payments have been paid is being checked and necessary measures are taken.

The percentage of top 100 and top 200 cash loans in the total cash loan portfolio is 31% and 36% respectively (31 December 2021: 32% and 37%).

The percentage of top 100 and top 200 non-cash loans in the total non-cash loan portfolio is 50% and 62% respectively (31 December 2021: 56% and 68%).

The percentage of top 100 and top 200 cash and non-cash loans in the total cash and non-cash loan portfolio is 31% and 39% respectively (31 December 2021: 33% and 41%).

TFRS 9 expected loss provisions for the loans for the Stage 1 and Stage 2 are amounted TL 44.002.849 (31 December 2021: TL 18.949.601).



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

II. EXPLANATIONS ON CREDIT RISK (Continued)

2. The Profile of Important Risks of Important Regions

Current Period	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSAs	Securities collateralised by mortgages	Securitisation positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Investments in Equity Instruments	Other receivables	Total	
Domestic	707.229.093	727.678	12.669.548	-	-	17.796.817	673.531.394	345.579.907	228.218.605	2.036.524	92.863.777	-	-	-	2.197.033	835.974	70.409.894	2.154.096.244	
European Union Countries	808.846	-	-	-	-	21.936.594	3.399.482	339.801	314.382	4.091	58.227	-	-	-	-	22	-	26.861.445	
OECD Countries <sup>(1)</sup>	-	-	-	-	-	55.527.541	639.944	38.663	46.822	484	3.669	-	-	-	-	-	-	56.257.123	
Off-shore Banking Regions	41	-	-	-	-	1.728.423	-	1.935	1.803	5	249	-	-	-	-	-	-	1.732.456	
USA, Canada	-	-	-	-	-	1.834.745	1.005.136	24.857	37.669	749	3.069	-	-	-	-	-	-	2.906.225	
Other Countries	2.974.267	5.193	27	-	-	6.287.110	6.369.277	885.628	434.984	3.994	3.213.474	-	-	-	-	29.734	7.244	20.210.932	
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24.824.308	19.339.316	-	44.163.624
Unallocated Assets/Liabilities <sup>(2)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>711.012.247</b>	<b>732.871</b>	<b>12.669.575</b>	-	-	<b>105.111.230</b>	<b>684.945.233</b>	<b>346.870.791</b>	<b>229.054.265</b>	<b>2.045.847</b>	<b>96.142.465</b>	-	-	-	<b>27.021.341</b>	<b>20.205.046</b>	<b>70.417.138</b>	<b>2.306.228.049</b>	

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction

<sup>(1)</sup> OECD Countries other than EU countries, USA and Canada.

<sup>(2)</sup> Assets and liabilities that could not be distributed on a consistent basis.

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

II. EXPLANATIONS ON CREDIT RISK (Continued)

2. The Profile of Important Risks of Important Regions (Continued)

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Investments in Equity Instruments	Other receivables	Total
<b>Prior Period</b>																		
Domestic	445.768.541	463.257	5.739.677	-	-	21.632.241	398.190.634	274.052.661	99.577.244	2.889.710	12.533.001	-	-	1.073.762	300.920	28.146.108	-	1.290.367.756
European Union Countries	403.034	-	-	-	-	52.338.879	2.414.749	289.379	145.032	6.269	33.953	-	-	-	15	-	-	55.631.310
OECD Countries (1)	-	-	-	-	-	1.058.287	90.061	37.947	17.369	477	4.295	-	-	-	-	-	-	1.208.436
Off-shore Banking Regions	37	-	-	-	-	1.202.275	-	850	2.557	4	134	-	-	-	-	-	-	1.205.857
USA, Canada	-	-	-	-	-	1.420.052	434.135	24.952	17.271	487	1.356	-	-	-	-	-	-	1.898.253
Other Countries	2.078.183	17.051	24	-	-	5.043.391	4.461.284	828.170	204.785	3.795	2.394.577	-	-	-	32.322	16.630	-	15.080.212
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10.346.317	9.593.380	-	19.939.697
Unallocated Assets/Liabilities (2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>448.249.795</b>	<b>480.308</b>	<b>5.739.701</b>	<b>-</b>	<b>-</b>	<b>82.695.125</b>	<b>405.590.863</b>	<b>275.233.959</b>	<b>99.964.258</b>	<b>2.900.742</b>	<b>14.967.316</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11.420.079</b>	<b>9.926.637</b>	<b>28.162.738</b>	<b>1.385.331.521</b>

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(1) OECD Countries other than EU countries, USA and Canada.

(2) Assets and liabilities that could not be distributed on a consistent basis.



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

II. EXPLANATIONS ON CREDIT RISK (Continued)

3. Risk Profile by Sectors or Counterparties (Continued)

Prior Period Sectors/Counter Parties	Risk Classes																	TL	FC	Total
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term from banks, brokerage houses and corporatse	Investments similar to collective investment funds	Investments in Equity Instruments	Other receivables			
Agriculture	82	1.078	10.880	-	-	-	14.349.978	88.015.250	5.241.046	262.916	1.938	-	-	-	-	-	107.270.485	612.683	107.883.168	
Farming and Stockbreeding	5	1.078	10.880	-	-	-	13.735.564	87.639.819	5.216.572	261.428	1.846	-	-	-	-	-	106.644.189	223.003	106.867.192	
Forestry	77	-	-	-	-	-	47.659	295.242	14.275	407	2	-	-	-	-	-	344.130	13.532	357.662	
Fishing	-	-	-	-	-	-	566.755	80.189	10.199	1.081	90	-	-	-	-	-	282.166	376.148	658.314	
Manufacturing	1.608.905	585	7.707	-	-	-	163.405.542	21.735.411	934.618	311.435	11.431	-	-	-	-	-	89.033.741	98.981.893	188.015.634	
Mining and Quarrying	-	-	-	-	-	-	8.581.238	322.201	17.617	3.724	28	-	-	-	-	-	1.832.799	7.092.009	8.924.808	
Production	1.608.897	7	5	-	-	-	116.651.262	21.214.076	903.418	304.222	11.383	-	-	-	-	-	79.028.012	61.665.258	140.693.270	
Electric, Gas and Water	8	578	7.702	-	-	-	38.173.042	199.134	13.583	3.489	20	-	-	-	-	-	8.172.930	30.224.626	38.397.556	
Construction	-	-	-	-	-	-	52.386.108	7.647.554	988.322	166.047	36.906	-	-	-	216.669	-	29.505.648	31.935.958	61.441.606	
Services	243.991.187	18.767	388.257	-	-	-	82.602.802	159.913.080	50.241.106	3.197.297	488.726	1.580.794	-	-	11.203.369	9.757.512	28.162.738	241.769.617	349.776.018	591.545.635
Wholesale and Retail Trade	-	20	7.423	-	-	-	38.755.050	36.482.739	2.176.737	363.652	6.700	-	-	-	-	-	65.791.808	12.000.513	77.792.321	
Hotel Food and Beverage Services	6.711	35	1.256	-	-	-	11.800.613	3.382.396	285.618	40.292	3.301	-	-	-	-	-	5.602.371	9.917.851	15.520.222	
Transportation and Telecommunication	-	25	328.705	-	-	-	56.318.074	4.668.385	304.968	31.124	1.683	-	-	-	-	-	9.333.122	52.319.842	61.652.964	
Financial Institutions	243.669.268	-	9.769	-	-	-	78.410.985	2.993.501	24.526	-	3	1.567.413	-	-	10.862.532	8.221.808	28.162.738	130.497.340	243.425.203	373.922.543
Real Estate and Leasing Services	236.571	18.686	2.647	-	-	-	4.191.817	47.218.371	4.204.670	375.587	37.368	1.664	-	-	340.837	1.535.704	26.824.918	31.339.004	58.163.922	
Self Employment Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education Services	77.122	-	28.461	-	-	-	1.250.693	587.496	19.607	9.555	26	-	-	-	-	-	1.457.759	515.201	1.972.960	
Health and Social Services	1.515	1	9.996	-	-	-	1.576.778	890.894	34.780	6.732	7	-	-	-	-	-	2.262.299	258.404	2.520.703	
Other	202.649.621	459.878	5.332.857	-	-	-	92.323	15.536.155	107.594.638	89.602.975	1.671.618	13.336.247	-	-	41	169.125	301.208.455	135.237.023	436.445.478	
<b>Total</b>	<b>448.249.795</b>	<b>480.308</b>	<b>5.739.701</b>	-	-	-	<b>82.695.125</b>	<b>405.590.863</b>	<b>275.233.959</b>	<b>99.964.258</b>	<b>2.900.742</b>	<b>14.967.316</b>	-	-	<b>11.420.079</b>	<b>9.926.637</b>	<b>28.162.738</b>	<b>768.787.946</b>	<b>616.543.575</b>	<b>1.385.331.521</b>

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

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

**II. EXPLANATIONS ON CREDIT RISK (Continued)**

**4. Analysis of maturity-bearing exposures according to remaining maturities**

Current Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
<b>Exposure Classifications:</b>					
Conditional and unconditional exposures to central governments or central banks	96.939.345	2.691.628	11.584.202	57.232.466	542.564.606
Conditional and unconditional exposures to regional governments or local authorities	6.482	7.227	16.959	57.798	644.405
Conditional and unconditional receivables from administrative units and non-commercial enterprises	10.023	1.829	11.808	1.660.385	10.985.530
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	30.951.009	13.005.293	10.989.235	4.152.065	46.013.628
Conditional and unconditional exposures to corporates	26.583.421	47.319.620	58.342.380	172.037.104	380.662.708
Conditional and unconditional retail exposures	3.526.625	14.845.252	21.705.995	156.359.193	150.433.726
Conditional and unconditional exposures secured by real estate property	380.058	1.557.721	2.049.708	15.976.422	209.090.356
Past due receivables	509.351	127.365	531.432	239.937	637.762
Receivables defined in high risk category by BRSA	2.264.503	3.025.290	8.545.722	41.549.914	40.757.036
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
<b>Securitization Positions</b>					
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	51.094	107.646	1.079.210	25.783.391
Investments in Equity Instruments	-	-	-	-	20.205.046
<b>Grand Total</b>	<b>161.170.817</b>	<b>82.632.319</b>	<b>113.885.087</b>	<b>450.344.494</b>	<b>1.427.778.194</b>

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

Prior Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
<b>Exposure Classifications:</b>					
Conditional and unconditional exposures to central governments or central banks	107.918.975	7.932.960	3.126.402	17.839.512	311.431.946
Conditional and unconditional exposures to regional governments or local authorities	7.863	1.839	9.991	91.227	369.388
Conditional and unconditional receivables from administrative units and non-commercial enterprises	6.957	3.194	506.657	39.393	5.183.500
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	32.168.691	14.850.932	3.821.060	2.632.186	29.222.256
Conditional and unconditional exposures to corporates	9.553.107	25.673.411	25.447.574	94.313.464	250.603.307
Conditional and unconditional retail exposures	2.990.690	9.500.834	10.322.280	84.069.990	168.350.165
Conditional and unconditional exposures secured by real estate property	143.280	546.484	700.697	5.039.352	93.534.445
Past due receivables	566.757	100.478	94.399	166.813	1.972.295
Receivables defined in high risk category by BRSA	735.540	97.660	1.060.931	1.372.828	11.700.357
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
<b>Securitization Positions</b>					
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	68.611	-	89.640	11.261.828
Investments in Equity Instruments	-	-	-	-	9.926.637
<b>Grand Total</b>	<b>154.091.860</b>	<b>58.776.403</b>	<b>45.089.991</b>	<b>205.654.405</b>	<b>893.556.124</b>

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

**II. EXPLANATIONS ON CREDIT RISK (Continued)**

**4. Analysis of maturity-bearing exposures according to remaining maturities (Continued)**

For the foreign banks, the ratings of the Fitch Ratings International Rating Agency is used for determining the risk weights for the risk classes by using a rating grade from the risk classes specified in Article 6 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks. While the international rating score is taken into consideration for the entire risk class receivables from central governments or central banks, the ratings of the Islamic International Rating Agency (IIRA) are used. The country risk classification published by the Organization for Economic Cooperation and Development (OECD) is taken as basis for unclassified central government and central banks. The counterparties residing domestically are accepted as “Gradeless” and take the risk weight which is appropriate for the “Gradeless” category in the related risk class.

In order to determine the risk weight of regarding items that export, or issuer rating not included to purchase/sale accounts is firstly considered to export rating, and also issuer’s credit rating is considered in the absence of export rating.

Fitch Rating’s and the Islamic International Rating Agency’s (IIRA) risk ratings as per the credit quality grades and the risk weights according to exposure categories are presented below:

Credit Quality Grade	Fitch Ratings Long Term Credit Rating	Exposure to Banks and Brokerage Houses	
		Exposures with Original Maturities Less Than 3 Months	Exposures with Original Maturities More Than 3 Months
1	AAA to AA-	20%	20%
2	A+ to A-	20%	50%
3	BBB+ to BBB-	20%	50%
4	BB+ to BB-	50%	100%
5	B+ to B-	50%	100%
6	CCC+ and below	150%	150%

Credit Quality Grade	IIRA Long Term Credit Rating	Receivables from the Central Governments and the Central Banks
1	AAA to AA-	0%
2	A+ to A-	20%
3	BBB+ to BBB-	50%
4	BB+ to BB-	100%
5	B+ to B-	100%
6	CCC+ and below	150%

**5. Exposures by risk weights**

**Current Period**

Risk Weights	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other	Deductions from Equity
1 Exposures before Credit Risk Mitigation	731.969.000	-	34.209.475	-	-	156.248.969	464.225.195	823.408.000	39.630.078	-	56.537.332	2.298.315
2 Exposures after Credit Risk Mitigation	806.107.297	-	31.896.117	-	131.098.235	140.892.998	313.252.546	786.941.888	39.501.636	-	56.537.332	2.298.315

Prepared with the numbers after conversion rate to credit

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**II. EXPLANATIONS ON CREDIT RISK (Continued)**

**5. Exposures by risk weights(Continued):**

**Prior Period**

Risk Weights	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other	Deductions from Equity
1 Exposures before Credit Risk Mitigation	457.650.614	-	26.461.893	-	-	66.549.351	338.419.070	466.670.826	14.958.246	-	14.621.521	1.389.570
2 Exposures after Credit Risk Mitigation	542.451.633	-	10.925.059	-	67.433.214	67.098.685	243.695.409	437.738.924	14.861.274	-	1.127.323	1.389.570

Prepared with the numbers after conversion rate to credit.

(\*) In accordance with the Regulation on Measurement and Evaluation of Banks' Capital Adequacy risk weights of 2% and 4% have been added to the Calculation of the Capital Liability for Risks Arising from Central Counterparties as of the current period.

**6. Information in terms of major sectors and type of counterparties**

Current Period	Loans		Provisions
	Impaired (IFRS 9)	Non-performing loans	
	Significant Increase in Credit Risk (Stage 2)	(Stage 3)	Provisions for Expected Credit Loss (IFRS)
<b>Agriculture</b>	<b>3.740.940</b>	<b>910.556</b>	<b>973.450</b>
Farming and Stockbreeding	3.730.026	900.086	964.040
Forestry	6.166	5.067	4.560
Fishery	4.748	5.403	4.850
<b>Manufacturing</b>	<b>35.387.983</b>	<b>2.103.218</b>	<b>16.421.902</b>
Mining and Quarrying	10.548	24.153	22.645
Production	28.851.310	1.837.499	14.876.961
Electricity, Gas and Water	6.526.125	241.566	1.522.296
<b>Construction</b>	<b>8.542.835</b>	<b>3.005.429</b>	<b>5.884.659</b>
<b>Services</b>	<b>30.425.055</b>	<b>3.943.231</b>	<b>12.759.166</b>
Wholesale and Retail Trade	5.391.489	2.525.448	3.141.195
Accommodation and Dining	6.264.528	325.349	2.048.132
Transportation and Telecom.	268.430	155.323	146.852
Financial Institutions	5.966	7.141	5.877
Real Estate and Rental Services	16.729.335	887.488	6.818.840
Professional Services	-	-	-
Educational Services	858.314	17.864	183.326
Health and Social Services	906.993	24.618	414.944
<b>Other</b>	<b>8.535.351</b>	<b>3.738.457</b>	<b>4.205.533</b>
<b>Total</b>	<b>86.632.164</b>	<b>13.700.891</b>	<b>40.244.710</b>

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**II. EXPLANATIONS ON CREDIT RISK (Continued)**

**6. Information in terms of major sectors and type of counterparties (Continued)**

Prior Period	Loans		Provisions
	Impaired (IFRS 9)		
	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	Provisions for Expected Credit Loss (IFRS)
<b>Agriculture</b>	<b>6.074.157</b>	<b>1.215.883</b>	<b>1.121.100</b>
Farming and Stockbreeding	6.048.428	1.203.780	1.110.151
Forestry	15.727	5.715	5.541
Fishery	10.002	6.388	5.408
<b>Manufacturing</b>	<b>27.854.774</b>	<b>2.257.735</b>	<b>10.986.178</b>
Mining and Quarrying	37.009	24.633	21.572
Production	23.028.819	2.006.337	9.641.240
Electricity, Gas and Water	4.788.946	226.765	1.323.366
<b>Construction</b>	<b>8.567.566</b>	<b>2.831.458</b>	<b>4.531.229</b>
<b>Services</b>	<b>24.007.396</b>	<b>4.884.961</b>	<b>7.510.888</b>
Wholesale and Retail Trade	6.891.231	2.937.089	2.662.642
Accommodation and Dining	5.394.559	349.715	1.003.543
Transportation and Telecom.	950.901	172.218	150.279
Financial Institutions	21.548	6.518	5.229
Real Estate and Rental Services	9.215.940	1.301.381	3.337.717
Professional Services	-	-	-
Educational Services	556.663	81.944	74.958
Health and Social Services	976.554	36.096	276.520
<b>Other</b>	<b>13.438.558</b>	<b>3.950.594</b>	<b>2.763.874</b>
<b>Total</b>	<b>79.942.451</b>	<b>15.140.631</b>	<b>26.913.269</b>

**7. Information about Value Adjustment and Change in Provisions**

	Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Stage 3 Expected Loss Provisions	12.148.761	4.122.512	(4.651.576)	-	11.619.697
2	Stage 1 and 2 Expected Loss Provisions	16.923.608	19.412.385	(53)	-	36.335.940

	Prior Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Stage 3 Expected Loss Provisions	10.264.236	4.305.116	(2.420.591)	-	12.148.761
2	Stage 1 and 2 Expected Loss Provisions	8.488.482	9.178.605	(743.479)	-	16.923.608



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**II. EXPLANATIONS ON CREDIT RISK (Continued)**

**8. Risks Included Capital Capacity Buffer Calculations**

**Current Period**

<b>Country</b>	<b>Banking Accounts RWA</b>	<b>Trading Accounts RWA</b>	<b>Total</b>
Turkish Republic of Northern Cyprus	3.375.288	-	3.375.288
Germany	2.798.736	-	2.798.736
Bosnia and Herzegovina	2.232.284	-	2.232.284
Iraq	1.508.709	590.783	2.099.492
Kazakhstan	1.854.641	-	1.854.641
Holland	1.668.243	-	1.668.243
Azerbaijan	1.618.160	-	1.618.160
Kosovo	1.524.252	136.256	1.660.508
Uzbekistan	1.388.487	-	1.388.487
Bulgaria	1.225.215	-	1.225.215
Other	5.854.172	1.300.213	7.154.385

**Prior Period**

<b>Country</b>	<b>Banking Accounts RWA</b>	<b>Trading Accounts RWA</b>	<b>Total</b>
Bosnia and Herzegovina	2.358.063	-	2.358.063
Turkish Republic of Northern Cyprus	2.307.722	-	2.307.722
Germany	2.242.136	-	2.242.136
Azerbaijan	1.436.524	-	1.436.524
Holland	1.230.351	-	1.230.351
Iraq	1.130.892	422.709	1.553.601
Uzbekistan	853.583	-	853.583
Kazakhstan	828.168	-	828.168
Kosovo	723.870	155.577	879.447
Russia	640.660	-	640.660
Other	2.924.331	957.428	3.881.759

**III. EXPLANATIONS ON THE CURRENCY RISK**

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

The Bank’s policy is to avoid carrying significant position by means of foreign currency management. 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.

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**III. EXPLANATIONS ON THE CURRENCY RISK (Continued)**

**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 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 the currency risk and within the scope of legal reporting, Foreign Currency Net General Position/Equity Standard Ratio and Foreign Currency Liquidity Position are regularly monitored. The Bank manages the Turkish Lira or foreign currency risks that may occur in domestic and international markets and follow the transactions that create these risks and manages these risks at the optimum level within the framework of market expectations and within the scope of its strategies by considering the balance with other financial risks. 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 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
23.12.2022	18,6053	19,7285	12,4319	2,6535	1,7683	19,9471	13,6383	1,8781	22,3922	4,9489	13,9831
26.12.2022	18,5906	19,7544	12,4971	2,6572	1,7710	19,9593	13,6769	1,8876	22,4422	4,9430	13,9859
27.12.2022	18,6369	19,8035	12,5566	2,6636	1,7811	20,0461	13,8033	1,8944	22,4049	4,9599	13,9692
28.12.2022	18,6347	19,8576	12,6591	2,6708	1,7912	20,1285	13,7821	1,8997	22,5563	4,9587	13,9258
29.12.2022	18,6818	19,9134	12,6235	2,6783	1,7891	20,2656	13,7840	1,8931	22,5292	4,9706	14,0489
30.12.2022	18,6985	19,9856	12,6977	2,6883	1,7996	20,2820	13,8076	1,9009	22,5837	4,9770	14,1884

**5. Simple Arithmetic Average of The Bank’s Current Foreign Exchange Bid Rates for The Last 30 Days Prior to The Balance Sheet Date**

USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
18,5879	19,6845	12,5441	2,6473	1,7907	19,9534	13,6803	1,8832	22,6354	4,9445	13,7854

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**III. EXPLANATIONS ON THE CURRENCY RISK (Continued)**

**6. Information on The Foreign Currency Risk of The Bank**

Current Period	EUR	USD	Other FC	Total
<b>Assets</b>				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Türkiye	93.068.502	213.171.308	39.913.510	346.153.320
Banks <sup>(6)</sup>	3.115.032	5.191.640	2.658.209	10.964.881
Financial Assets at Fair Value Through Profit and Loss	-	1.319.684	27.673.058	28.992.742
Money Markets Receivables	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	14.232.158	185.969.736	285.584	200.487.478
Loans <sup>(1)</sup>	152.200.568	197.027.968	242.518	349.471.054
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures)	3.338.282	4.575.323	-	7.913.605
Financial Assets Measured at Amortised Cost	33.639.174	10.664.162	136.157	44.439.493
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	31.056	6.860	47.550	85.466
Intangible Assets	10.683	9.548	22.700	42.931
Other Assets <sup>(3)</sup>	2.718.742	7.394.247	239.298	10.352.287
<b>Total Assets <sup>(4)</sup></b>	<b>302.354.197</b>	<b>625.330.476</b>	<b>71.218.584</b>	<b>998.903.257</b>
<b>Liabilities</b>				
Interbank Deposits	30.898.446	6.436.847	736.869	38.072.162
Foreign Currency Deposits	311.285.172	360.811.207	111.189.978	783.286.357
Money Market Borrowings	20.054.581	43.983.248	-	64.037.829
Funds Provided from Other Financial Institutions	36.837.914	61.608.371	1.352.500	99.798.785
Issued Marketable Securities <sup>(5)</sup>	28.949.062	25.269.861	1.487.428	55.706.351
Miscellaneous Payables	4.875.715	2.430.628	85.027	7.391.370
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	2.511.875	4.175.304	460.017	7.147.196
<b>Total Liabilities</b>	<b>435.412.765</b>	<b>504.715.466</b>	<b>115.311.819</b>	<b>1.055.440.050</b>
<b>Net Balance Sheet Position</b>	<b>(133.058.568)</b>	<b>120.615.010</b>	<b>(44.093.235)</b>	<b>(56.536.793)</b>
<b>Net Off-Balance Sheet Position <sup>(2)</sup></b>	<b>130.762.635</b>	<b>(114.769.780)</b>	<b>44.630.485</b>	<b>60.623.340</b>
Financial Derivative Assets	160.463.664	131.768.443	49.706.652	341.938.759
Financial Derivative Liabilities	29.701.029	246.538.223	5.076.167	281.315.419
<b>Non-Cash Loans</b>	<b>96.706.419</b>	<b>155.445.406</b>	<b>23.085.878</b>	<b>275.237.703</b>
<b>Prior Period</b>				
Total Assets	216.317.019	384.673.468	52.500.557	653.491.044
Total Liabilities	314.860.776	319.056.472	83.024.980	716.942.228
<b>Net Balance Sheet Position</b>	<b>(98.543.757)</b>	<b>65.616.996</b>	<b>(30.524.423)</b>	<b>(63.451.184)</b>
<b>Net Off-Balance Sheet Position <sup>(2)</sup></b>	<b>100.143.416</b>	<b>(69.826.336)</b>	<b>31.937.240</b>	<b>62.254.320</b>
Financial Derivative Assets	113.697.053	92.098.223	38.243.602	244.038.878
Financial Derivative Liabilities	13.553.637	161.924.559	6.306.362	181.784.558
<b>Non-Cash Loans</b>	<b>71.771.602</b>	<b>118.836.410</b>	<b>15.801.706</b>	<b>206.409.718</b>

(1) TL 26.837 (December 31, 2021: TL 26.812) equivalent of the loans given in USD and TL 6.049 (December 31, 2021: TL 13.291) equivalent in Euro are originated from foreign currency indexed loans.

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

(3) Prepared expenses in other assets amounting to TL 18.955 are not included in the table.

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

(5) Includes subordinated debt instruments.

(6) Includes the guarantees given for derivative and repo transactions with foreign banks.

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**III. EXPLANATIONS ON THE CURRENCY RISK (Continued)**

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

*Analysis of Sensitivity to Currency Risk*

The effect of 10% depreciation of TL against the USD, Euro and other currencies on the equity and profit or loss statement (excluding tax effects) for the year ending on 31 December 2022 and 31 December 2021 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 - 31 December 2022		Prior Period - 31 December 2021	
	Profit/Loss Statement	Equity (*)	Profit/Loss Statement	Equity (*)
USD	60.803	(396.729)	(284.757)	(533.933)
EUR	(284.588)	(618.416)	(61.023)	(414.234)
Other currencies	12.062	12.062	32.427	32.427
<b>Total (Net) (**)</b>	<b>(211.723)</b>	<b>(1.003.083)</b>	<b>(313.353)</b>	<b>(915.740)</b>

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

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

The effect of 10% appreciation of TL against the USD, Euro and other currencies on the equity and profit or loss statement (excluding tax effects) for the year ending on 31 December 2022 and 31 December 2021 is shown in the table below:

	Current Period - 31 December 2022		Prior Period - 31 December 2021	
	Profit/Loss Statement	Equity (*)	Profit/Loss Statement	Equity (*)
USD	(60.803)	396.729	284.757	533.933
EUR	284.588	618.416	61.023	414.234
Other currencies	(12.062)	(12.062)	(32.427)	(32.427)
<b>Total (Net) (**)</b>	<b>211.723</b>	<b>1.003.083</b>	<b>313.353</b>	<b>915.740</b>

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

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

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**IV. EXPLANATIONS ON THE INTEREST RATE RISK**

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

(Based on days to repricing dates)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Türkiye	23.833.556	-	-	-	-	350.560.829	374.394.385
Banks <sup>(7)</sup>	2.183.979	137.416	-	-	-	9.148.254	11.469.649
Financial Assets at Fair Value Through Profit and Loss	85.080	73.869	39.864	27.673.058	18.934	5.404.074	33.294.879
Money Markets Receivables	5.380.282	-	-	-	-	-	5.380.282
Financial Assets at Fair Value Through Other Comprehensive Income	96.599.354	21.764.806	124.793.492	76.978.487	73.459.368	2.077.658	395.673.165
Loans Given <sup>(3)</sup>	449.812.713	135.106.786	266.775.244	275.177.974	89.441.302	2.081.194	1.218.395.213
Financial Assets Measured at Amortised Cost	2.731.393	50.061.035	22.778.137	60.817.641	22.941.772	-	159.329.978
Other Assets <sup>(2)</sup>	4.570.330	2.350.830	2.072.668	386.820	71.640	104.275.185	113.727.473
<b>Total Assets <sup>(1) (5)</sup></b>	<b>585.196.687</b>	<b>209.494.742</b>	<b>416.459.405</b>	<b>441.033.980</b>	<b>185.933.016</b>	<b>473.547.194</b>	<b>2.311.665.024</b>
<b>Liabilities</b>							
Interbank Deposits	50.842.278	10.190.916	9.120.029	-	-	8.296.037	78.449.260
Other Deposits	748.232.969	239.271.172	102.969.345	3.829.858	29.287	566.486.969	1.660.819.600
Money Market Borrowings	50.167.586	20.373.383	6.970.742	7.550.978	-	-	85.062.689
Miscellaneous Payables	-	-	-	-	-	35.403.969	35.403.969
Issued Marketable Securities <sup>(6)</sup>	-	1.435.966	12.381.209	42.899.866	-	-	56.717.041
Funds Provided from Other Financial Institutions	25.344.316	47.016.823	24.468.356	9.814.082	3.562.495	-	110.206.072
Other Liabilities <sup>(4)</sup>	580.697	716.088	1.868.940	871.365	562.349	280.406.954	285.006.393
<b>Total Liabilities <sup>(1)</sup></b>	<b>875.167.846</b>	<b>319.004.348</b>	<b>157.778.621</b>	<b>64.966.149</b>	<b>4.154.131</b>	<b>890.593.929</b>	<b>2.311.665.024</b>
<b>Balance Sheet Long Position</b>	<b>-</b>	<b>-</b>	<b>258.680.784</b>	<b>376.067.831</b>	<b>181.778.885</b>	<b>-</b>	<b>816.527.500</b>
<b>Balance Sheet Short Position</b>	<b>(289.971.159)</b>	<b>(109.509.606)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(417.046.735)</b>	<b>(816.527.500)</b>
Off-Balance Sheet Long Position	3.604.188	2.684.526	262.625	-	-	-	6.551.339
Off-Balance Sheet Short Position	-	-	-	-	(1.015.345)	-	(1.015.345)
<b>Total Position</b>	<b>(286.366.971)</b>	<b>(106.825.080)</b>	<b>258.943.409</b>	<b>376.067.831</b>	<b>180.763.540</b>	<b>(417.046.735)</b>	<b>5.535.994</b>

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

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

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

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

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

(6) Includes subordinated debt instruments.

(7) Includes the guarantees given for derivative and repo transactions with foreign banks.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT  
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**IV. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)**

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

(Based on days to repricing dates)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Türkiye	20.747.759	-	-	-	-	188.035.974	208.783.733
Banks	3.304.258	66.892	197.651	26.674	-	9.400.283	12.995.758
Financial Assets at Fair Value Through Profit and Loss	52.804	6.091.471	3.044.935	14.694.397	13.883	2.762.222	26.659.712
Money Markets Receivables	281.931	-	-	-	-	-	281.931
Financial Assets at Fair Value Through Other Comprehensive Income	42.215.186	18.916.429	58.076.657	89.769.490	60.482.373	697.022	270.157.157
Loans Given <sup>(3)</sup>	250.585.887	76.865.425	146.926.458	213.152.913	58.808.968	2.991.869	749.331.520
Financial Assets Measured at Amortised Cost	813.083	1.110.034	10.183.161	26.068.356	6.403.163	-	44.577.797
Other Assets <sup>(2)</sup>	4.467.502	4.321.012	2.853.665	563.769	357.272	45.539.440	58.102.660
<b>Total Assets <sup>(1)(5)</sup></b>	<b>322.468.410</b>	<b>107.371.263</b>	<b>221.282.527</b>	<b>344.275.599</b>	<b>126.065.659</b>	<b>249.426.810</b>	<b>1.370.890.268</b>
<b>Liabilities</b>							
Interbank Deposits	30.528.589	5.066.998	16.050.940	-	-	3.708.562	55.355.089
Other Deposits	367.327.135	116.204.261	70.541.419	2.277.210	1.804	336.979.697	893.331.526
Money Market Borrowings	149.756.072	21.374.101	2.553.454	3.015.469	-	-	176.699.096
Miscellaneous Payables	-	-	-	-	-	17.351.965	17.351.965
Issued Marketable Securities <sup>(6)</sup>	97.988	231.881	8.629.634	38.630.139	-	-	47.589.642
Funds Provided from Other Financial Institutions	2.548.228	21.139.126	24.584.477	10.468.740	576.090	-	59.316.661
Other Liabilities <sup>(4)</sup>	338.368	804.943	1.964.271	668.174	636.602	116.833.931	121.246.289
<b>Total Liabilities <sup>(1)</sup></b>	<b>550.596.380</b>	<b>164.821.310</b>	<b>124.324.195</b>	<b>55.059.732</b>	<b>1.214.496</b>	<b>474.874.155</b>	<b>1.370.890.268</b>
<b>Balance Sheet Long Position</b>	-	-	<b>96.958.332</b>	<b>289.215.867</b>	<b>124.851.163</b>	-	<b>511.025.362</b>
<b>Balance Sheet Short Position</b>	<b>(228.127.970)</b>	<b>(57.450.047)</b>	-	-	-	<b>(225.447.345)</b>	<b>(511.025.362)</b>
Off-Balance Sheet Long Position	7.299.963	2.263.522	-	10	-	-	9.563.495
Off-Balance Sheet Short Position	-	-	(408.869)	-	(1.015.345)	-	(1.424.214)
<b>Total Position</b>	<b>(220.828.007)</b>	<b>(55.186.525)</b>	<b>96.549.463</b>	<b>289.215.877</b>	<b>123.835.818</b>	<b>(225.447.345)</b>	<b>8.139.281</b>

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

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

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

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

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

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

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**IV. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)**

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

	EUR	USD	JPY	TL
<b>Current Period <sup>(3)</sup></b>				
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Türkiye	-	-	-	-
Banks	4,30	-	-	-
Financial Assets at Fair Value Through Profit or Loss	-	5,36	-	-
Money Market Receivables	-	5,41	-	26,23
Financial Assets at Fair Value Through Other Comprehensive				
<b>Income</b>	3,70	5,16	-	26,73
Loans Given <sup>(1)</sup>	5,83	7,71	-	13,59
Financial Assets Measured at Amortised Cost	4,66	7,58	-	15,90
<b>Liabilities</b>				
Interbank Deposits	1,40	4,17	-	10,43
Other Deposits	1,03	3,44	-	15,67
Money Market Borrowings	3,52	5,58	-	9,17
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities <sup>(2)</sup>	5,08	5,05	-	16,99
Funds Provided from Other Financial Institutions	2,84	4,85	-	8,83

<sup>(1)</sup> Credit card loan balances are not included.

<sup>(2)</sup> Subordinated debt instruments are included.

<sup>(3)</sup> Foreign branches are excluded

	EUR	USD	JPY	TL
<b>Prior Period <sup>(4)</sup></b>				
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Türkiye <sup>(1)</sup>	-	-	-	8,50
Banks	4,30	-	-	17,63
Financial Assets at Fair Value Through Profit or Loss	-	5,36	-	-
Money Market Receivables	-	-	-	17,31
Financial Assets at Fair Value Through Other Comprehensive				
<b>Income</b>	3,72	4,83	-	14,70
Loans Given <sup>(2)</sup>	4,74	5,68	6,00	13,42
Financial Assets Measured at Amortised Cost	4,76	7,47	-	14,33
<b>Liabilities</b>				
Interbank Deposits	0,22	0,25	-	14,14
Other Deposits	0,27	0,93	-	14,15
Money Market Borrowings	-	1,78	-	14,22
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities <sup>(3)</sup>	5,08	5,05	-	16,99
Funds Provided from Other Financial Institutions	1,69	2,38	-	15,67

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

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

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

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

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

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

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

Investments in Equity Instruments - Current Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	4.033.616	4.033.616	4.033.616
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	17.453.146	17.453.146	17.453.146
Traded on Stock Exchange	17.453.146	17.453.146	17.453.146
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other <sup>(1)</sup>	927.626	927.626	-

<sup>(1)</sup> The said stock investments are not traded on the stock exchange and there is no stock market price since they are not publicly traded.

Investments in Equity Instruments - Prior Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	1.742.260	1.742.260	1.742.260
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	7.538.625	7.538.625	7.538.625
Traded on Stock Exchange	7.538.625	7.538.625	7.538.625
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other <sup>(1)</sup>	347.431	347.431	-

<sup>(1)</sup> The said stock investments are not traded on the stock exchange and there is no stock market price since they are not publicly traded.

*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 Internal Rating Approaches*

The investments in equity instruments, partaking in banking accounts according to the credit risk standard method, are amounted TL 927.626 and all of them are 100% risk weighted (31 December 2021: are amounted TL 347.431 and all of them are 100% risk weighted)

*Total unrealized gains or losses, total revaluation value increases and their amounts included in principal and contribution capital*

Portfolio	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss		
		Total	Included in Contribution Capital	Total	Included in Supplementary Capital	Included in Contribution Capital
1. Private Capital Investments	-	-	-	-	-	-
2. Publicly Traded Stocks	-	17.223.272	17.223.272	-	-	-
3. Other Stocks	-	513.015	513.015	-	-	-
<b>Total</b>	-	<b>17.736.286</b>	<b>17.736.286</b>	-	-	-



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**VI. EXPLANATIONS ON THE LIQUIDITY RISK MANAGEMENT AND LIQUIDITY  
COVERAGE RATIO**

Matters related to liquidity and financial emergency management are determined in the Liquidity and Financial Emergency Management-Liquidity Funding Plan Approved by the Board of Directors.

The 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. 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.

**1. Liquidity Risk**

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

The Bank’s risk capacity, risk appetite, responsibilities and tasks of liquidity risk management and sharing of issues related to liquidity risk management with the bank network are explained in Bank’s “Regulations of Risk Management, Stress Test Program and ICAAP Regulations” of the Bank. In this context, liquidity risk strategies, policies and implementations are shared within the Bank on a weekly, monthly, quarterly and annual basis with all relevant departments and the Bank’s senior management. The analysis and reports made within this scope are handled at the Asset-Liability Committee meetings and the Board of Directors is informed through the Audit Committee.

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

Continuously the information exchange is actualized about the liquidity need and surpluses between the Bank and its subsidiaries, the necessary guidance and procedures are moderated by Treasury Management and International Banking Group Presidency in order to manage liquidity need and surplus in effective way.

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

The Bank’s main funding resource is deposit and the strategy of preserving the granular deposit structure is sustained. Moreover, within the diversification of funding strategy, long-term and cost-effective non-deposit funding is also targeted. In the non-deposit funding; repurchase agreements, post finance, syndication loan facility, loans from international financial institutions, marketable securities issuances, subordinated debt instruments and bilateral loan agreements are at the forefront.

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

The Bank’s total liabilities are consisted of mostly TL, USD and EUR currencies. Besides these currencies, for other currencies, daily and long-term cash flows are monitored, and future projections are made for effective liquidity management purposes.

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

**1. Liquidity Risk (Continued)**

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

The Bank’s source of funds is mainly formed of deposits. The Bank’s deposits do not fluctuate considerably in line with the broadly dispersed customer network and the granular structure 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.

*Explanation regarding the usage of the stress test*

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

*General information on liquidity urgent and unexpected situation plan*

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

**2. Liquidity Coverage Ratio**

Within the framework of "Regulation on Calculation of Liquidity Covered Rate of Banks" published in the Official Gazette dated 21 March 2014 and numbered 28948 by the BRSA, the Bank calculates the liquidity coverage ratio and transmits unconsolidated on weekly and consolidated on monthly basis to the BRSA. The lowest and highest unconsolidated rates in the last three months are shown in the table below.

**Current Period – 31 December 2022**

Liquidity Coverage Ratio	FC		TL+FC	
	Date	Ratio	Date	Ratio
<b>The Lowest</b>	7 October 2022	336,22	7 October 2022	177,16
<b>The Highest</b>	23 December 2022	451,68	30 December 2022	203,51

**Prior Period - 31 December 2021**

Liquidity Coverage Ratio	FC		TL+FC	
	Date	Ratio	Date	Ratio
<b>The Lowest</b>	19 November 2021	360,79	5 November 2021	164,49
<b>The Highest</b>	15 October 2021	590,73	17 December 2021	211,97

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

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

Current Period	Total Unweighted Value (Average) <sup>(*)</sup>		Total Weighted Value (Average) <sup>(*)</sup>	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
High Quality Liquid Assets			667.210.887	425.824.875
<b>CASH OUTFLOWS</b>				
Retail and Small Business Customers, of which;	938.174.603	503.453.039	83.648.337	50.345.304
Stable deposits	203.382.476	-	10.169.124	-
Less stable deposits	734.792.127	503.453.039	73.479.213	50.345.304
Unsecured wholesale funding, of which;	683.071.175	326.241.383	315.380.061	158.917.974
Operational deposit	29.898.821	1.696.100	7.474.705	424.025
Non-operational deposits	568.987.053	284.775.401	242.743.155	119.347.850
Other unsecured funding	84.185.301	39.769.882	65.162.201	39.146.099
Secured funding			-	-
Other cash outflows, of which;	222.857.471	33.502.393	28.510.672	21.272.889
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	14.041.376	18.607.584	14.041.376	18.607.584
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	208.816.095	14.894.809	14.469.296	2.665.305
Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	120.470.284	83.658.058	7.183.869	4.182.903
<b>TOTAL CASH OUTFLOWS</b>			<b>434.722.939</b>	<b>234.719.070</b>
<b>CASH INFLOWS</b>				
Secured lending	-	-	-	-
Unsecured lending	124.404.168	51.608.797	84.123.630	36.510.970
Other cash inflows	1.061.122	91.291.081	1.061.122	91.291.081
<b>Total Cash Inflows</b>	<b>125.465.290</b>	<b>142.899.878</b>	<b>85.184.752</b>	<b>127.802.051</b>
			<b>Upper Limit Applied Amounts</b>	
<b>TOTAL HQLA STOCK</b>			<b>667.210.887</b>	<b>425.824.875</b>
<b>TOTAL NET CASH OUTFLOWS</b>			<b>349.538.187</b>	<b>106.917.019</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>190,88</b>	<b>398,28</b>

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

Prior Period	Total Unweighted Value (Average) <sup>(*)</sup>		Total Weighted Value (Average) <sup>(*)</sup>	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
High Quality Liquid Assets			300.736.856	200.714.763
<b>CASH OUTFLOWS</b>				
Retail and Small Business Customers, of which;	581.812.451	332.382.725	51.406.715	33.238.272
Stable deposits	135.490.601	-	6.774.530	-
Less stable deposits	446.321.850	332.382.725	44.632.185	33.238.272
Unsecured wholesale funding, of which;	282.060.859	128.934.723	131.806.306	63.046.713
Operational deposit	21.302.776	1.054.124	5.325.694	263.531
Non-operational deposits	211.440.349	115.759.087	96.058.640	50.798.731
Other unsecured funding	49.317.734	12.121.512	30.421.972	11.984.451
Secured funding			-	-
Other cash outflows, of which;	122.992.761	21.838.758	12.973.546	12.897.830
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	3.394.483	9.552.971	3.394.483	9.552.971
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	119.598.278	12.285.787	9.579.063	3.344.859
Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	72.709.422	52.737.203	4.156.946	2.636.860
<b>TOTAL CASH OUTFLOWS</b>			<b>200.343.513</b>	<b>111.819.675</b>
<b>CASH INFLOWS</b>				
Secured lending	-	-	-	-
Unsecured lending	53.225.618	24.182.269	32.425.321	15.797.790
Other cash inflows	3.807.508	50.122.404	3.807.508	50.122.404
<b>Total Cash Inflows</b>	<b>57.033.126</b>	<b>74.304.673</b>	<b>36.232.829</b>	<b>65.920.194</b>
			<b>Upper Limit Applied Amounts</b>	
<b>TOTAL HQLA STOCK</b>			<b>300.736.856</b>	<b>200.714.763</b>
<b>TOTAL NET CASH OUTFLOWS</b>			<b>164.110.684</b>	<b>45.960.150</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>183,25</b>	<b>436,71</b>

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

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

**3. Explanations on Liquidity Coverage Ratio**

***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***

Bank deposits, which constitute a significant part of its resources and cash outflows in the liquidity coverage ratio, have a non-fluctuating structure, but may cause periodic changes in total deposits compared to public deposits and other deposits. While considering the previous periods, the amount of the total deposits has an increasing trend.

Although they have low conversion into cash rate, non-cash loans also have a remarkable extent in proportion to financial statement, they have an impact on the calculation of liquidity coverage ratio. Comparing to previous periods, non-cash loans are in increasing trend.

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 portfolio (the important part of bonds and T-bills issued by Republic of Türkiye Ministry of Treasury and Finance and other bonds).

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

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

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

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

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

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

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

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

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

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

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

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed <sup>(1)</sup>	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Türkiye Banks <sup>(4)</sup>	183.739.938	190.654.447	-	-	-	-	-	374.394.385
Financial Assets at Fair Value Through Profit and Loss	-	85.080	73.869	39.864	27.673.058	18.934	5.404.074	33.294.879
Money Market Receivables	-	5.380.282	-	-	-	-	-	5.380.282
Financial Assets at Fair Value Through Other Comprehensive Income	-	40.120.601	10.332.936	107.634.278	139.405.935	97.251.787	927.628	395.673.165
Loans Given	-	47.936.156	125.361.490	487.637.431	387.340.407	168.038.535	2.081.194	1.218.395.213
Investments Held-to-Maturity	-	691.263	15.078.755	13.171.181	69.502.981	60.885.798	-	159.329.978
Other Assets	12.442.200	4.570.330	2.350.830	2.072.668	386.820	71.640	91.832.985	113.727.473
<b>Total Assets<sup>(2)</sup></b>	<b>205.330.392</b>	<b>291.622.138</b>	<b>153.335.296</b>	<b>610.555.422</b>	<b>624.309.201</b>	<b>326.266.694</b>	<b>100.245.881</b>	<b>2.311.665.024</b>
<b>Liabilities</b>								
Interbank Deposits	8.296.037	50.842.278	10.190.916	9.120.029	-	-	-	78.449.260
Other Deposits	566.486.969	748.225.897	239.250.050	102.872.275	3.950.840	33.569	-	1.660.819.600
Funds Provided from Other Financial Institutions	-	830.507	9.315.356	49.237.348	40.176.692	10.646.169	-	110.206.072
Money Market Borrowings	-	50.167.586	20.373.383	6.970.742	7.550.978	-	-	85.062.689
Issued Marketable Securities <sup>(3)</sup>	-	-	1.435.966	12.381.209	42.899.866	-	-	56.717.041
Miscellaneous Payables	10.461.785	24.942.184	-	-	-	-	-	35.403.969
Other Liabilities	15.583.918	2.429.041	6.666.308	1.868.940	871.365	7.307.090	250.279.731	285.006.393
<b>Total Liabilities</b>	<b>600.828.709</b>	<b>877.437.493</b>	<b>287.231.979</b>	<b>182.450.543</b>	<b>95.449.741</b>	<b>17.986.828</b>	<b>250.279.731</b>	<b>2.311.665.024</b>
<b>Liquidity Gap</b>	<b>(395.498.317)</b>	<b>(585.815.355)</b>	<b>(133.896.683)</b>	<b>428.104.879</b>	<b>528.859.460</b>	<b>308.279.866</b>	<b>(150.033.850)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>3.136.730</b>	<b>(120.249)</b>	<b>262.625</b>	<b>-</b>	<b>2.256.893</b>	<b>-</b>	<b>5.535.999</b>
Financial Derivative Assets	-	219.758.868	74.538.453	14.240.461	2.369.535	3.272.238	-	314.179.555
Financial Derivative Liabilities	-	216.622.138	74.658.702	13.977.836	2.369.535	1.015.345	-	308.643.556
<b>Non-cash Loans</b>	<b>121.162.934</b>	<b>13.767.347</b>	<b>43.662.871</b>	<b>137.071.719</b>	<b>84.474.216</b>	<b>14.515.564</b>	<b>-</b>	<b>414.654.651</b>
<b>Prior Period</b>								
Total Assets	104.286.501	170.059.967	90.191.450	339.918.709	441.096.517	180.142.146	45.194.978	1.370.890.268
Total Liabilities	353.078.824	563.576.406	144.996.297	123.985.350	72.064.557	8.260.880	104.927.954	1.370.890.268
<b>Liquidity Gap</b>	<b>(248.792.323)</b>	<b>(393.516.439)</b>	<b>(54.804.847)</b>	<b>215.933.359</b>	<b>369.031.960</b>	<b>171.881.266</b>	<b>(59.732.976)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>6.986.546</b>	<b>307.117</b>	<b>(408.868)</b>	<b>10</b>	<b>1.267.128</b>	<b>-</b>	<b>8.151.933</b>
Financial Derivative Assets	-	148.284.721	33.587.880	23.589.508	1.558.882	2.282.473	-	209.303.464
Financial Derivative Liabilities	-	141.298.175	33.280.763	23.998.376	1.558.872	1.015.345	-	201.151.531
<b>Non-cash Loans</b>	<b>80.872.752</b>	<b>10.955.329</b>	<b>32.527.108</b>	<b>83.606.042</b>	<b>46.844.385</b>	<b>7.767.640</b>	<b>-</b>	<b>262.573.256</b>

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

(2) Expected Loss Provision for financial assets and other assets are recognized in the related account.

(3) Includes subordinated debt instruments.

(4) Includes the guarantees given for derivative and repo transactions with foreign banks.

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

**5. Representation of Financial Liabilities by Remaining Contractual Maturities**

<b>Current Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>More than 5 Years</b>	<b>Total</b>
Banks Deposit	59.075.245	10.275.348	9.742.189	6.858.732	3.064.964	89.016.478
Other Deposits	1.317.026.000	243.457.792	105.578.414	4.279.483	37.108	1.670.378.797
Funds Provided to Other Financial Institutions	792.807	9.541.657	50.915.555	35.740.057	8.276.490	105.266.566
Payables to Money Markets	50.242.180	20.501.945	7.034.894	8.237.972	-	86.016.991
<b>Total</b>	<b>1.427.136.233</b>	<b>283.776.742</b>	<b>173.271.051</b>	<b>55.116.244</b>	<b>11.378.562</b>	<b>1.950.678.832</b>
<b>Prior Period</b>						
Banks Deposit	34.264.005	5.154.651	16.198.252	-	-	55.616.908
Other Deposits	705.211.430	117.597.035	71.683.234	2.434.178	9.938	896.935.815
Funds Provided to Other Financial Institutions	545.387	1.343.834	25.016.138	28.677.604	6.425.511	62.008.474
Payables to Money Markets	149.998.075	21.574.464	2.564.750	3.024.105	-	177.161.394
<b>Total</b>	<b>890.018.897</b>	<b>145.669.984</b>	<b>115.462.374</b>	<b>34.135.887</b>	<b>6.435.449</b>	<b>1.191.722.591</b>

**VII. EXPLANATIONS ON LEVERAGE RATIO**

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

The Bank’s leverage calculated by force of the regulation “Regulation on Measurement and Assessment of Leverage Ratios of Banks” is 7,58% (31 December 2021: 6,70%). The increase in leverage results occurs from the increase in Tier 1 capital amount. The regulation sentenced the minimum leverage as 3%.

<b>Balance sheet assets</b>	<b>Current Period (*)</b>	<b>Prior Period (*)</b>
On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	2.216.761.493	1.270.737.165
(Assets deducted in determining Tier 1 capital)	(28.827.832)	(10.259.737)
<b>Total on-balance sheet risks (sum of lines 1 and 2)</b>	<b>2.187.933.661</b>	<b>1.260.477.428</b>
<b>Derivative financial instruments and credit derivatives</b>		
Replacement cost associated with all derivative financial instruments and credit derivatives	8.549.253	10.774.720
Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	7.697.119	2.681.655
<b>Total risks of derivative financial instruments and credit derivatives</b>	<b>16.246.372</b>	<b>13.456.375</b>
<b>Securities or commodity financing transactions (SCFT)</b>		
Risks from SCFT assets	40.472.923	18.956.230
Risks from brokerage activities related exposures	-	-
<b>Total risks related with securities or commodity financing transactions</b>	<b>40.472.923</b>	<b>18.956.230</b>
<b>Other off-balance sheet transactions</b>		
Gross notional amounts of off-balance sheet transactions	623.647.421	364.362.353
(Adjustments for conversion to credit equivalent amounts)	-	-
<b>Total risks of off-balance sheet items</b>	<b>623.647.421</b>	<b>364.362.353</b>
<b>Capital and total risks</b>		
Tier 1 capital	217.487.486	110.958.241
<b>Total risks</b>	<b>2.868.300.377</b>	<b>1.657.252.386</b>
<b>Leverage ratio</b>		
Leverage ratio %	7,58	6,70

(\*) Three-month average of the amounts in the table are taken into account.

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**VIII. EXPLANATIONS ON RISK MANAGEMENT**

Notes and explanations prepared in accordance with “the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks” published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016 are presented in this section.

**1. Explanations on Risk Management and Risk Weighted Amount**

**1.1. Bank's Risk Management Approach**

*How the business model determines the Bank's risk profile; how it interacts with it (e.g., key risks related to the business model and how each of these risks is reflected on explanations); and how the Bank's risk profile interacts with the risk appetite approved by the board of director*

While risk appetite determines the Bank's risk level, risk capacity determines its risk appetite and, therefore, risk profile. Local and international conjuncture is also considered to determine the risk level. Establishment of forward-looking strategies and policies is also considered in this regard. The Bank's risk level is restricted to the limits consistent with its risk appetite.

Risk limits are determined in accordance with the level of risks that may be assumed by the Bank, its activities, size and complexity of its products and services. The limits are revised and, if needed, updated regularly in line with the developments in market conditions, the Bank's strategy, and risk appetite.

Critical thresholds (signal and limit values) indicating that limits are approached due to internal or external developments have been identified. In the event that these values are approached or exceeded, relevant units take required actions.

Parameters regarding signal and limit structure as well as limit values of parameters are determined in coordination with the relevant units and implemented upon approval of the Audit Commission and Board of Directors.

Risk weighted asset-based signal and limit values are regularly monitored by the Bank Risk Management Department, and actual values are periodically reported to the Bank's Senior Management.

*Risk management structure: Responsibilities distributed at the Bank (e.g., supervision and delegation of authority); segregation of duties by risk type, business unit, etc.; relations between structures included in risk management processes (e.g., board of directors, top management, separate risk committee, risk management unit, compliance and internal audit function)*

The Bank's Top Management and relevant units perform their risk management duties, authorities and responsibilities in line with the relevant legal legislation and internal Bank regulations.

Structure of the Bank's risk management is compliance with the Regulation on Internal Systems and Internal Capital Adequacy Assessment Processes of Banks. Accordingly, internal system units consisting of the Inspection Board, the Internal Audit Department, the Compliance Department, and the Risk Management Department, report to the Audit Committee and the Board of Directors through the Head of Group responsible for internal systems, which operates separately from the executive units.

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**VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)**

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

**1.1 Bank's Risk Management Approach (Continued)**

Risk measurement and monitoring activities are conducted as part of risk management and the results are considered in strategic decision-making process by relevant units and bodies. Risk management operations are conducted in accordance with the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks, issued by the BRSA, within the scope of Regulation on Risk Management, Stress Test Program and the Bank's Internal Capital Adequacy Assessment Process (“ICAAP”) approved by the Bank's Board of Directors.

Organizational structure of the Bank's Risk Management Department consists of credit risk management, market risk management, operational risk management, balance sheet risks management and Credit Risk Control Unit (KRKB) and validation unit services. Duties of risk management:

- Ensuring identification, measurement, reporting, monitoring, and control of risks exposed through policies, practices and limits established to monitor, control and revise, when necessary, the risk-return structure of the Bank's cash flows in the future, quality, and level of its associated activities
- Preparing ICAAP reports periodically.
- Conducting stress tests and scenario analyses
- Establishing and maintaining a system that will ensure determination of capital required to cover significant risks that are or may be exposed and the evaluation of the level of capital adequacy/requirement in line with strategic objectives
- Developing internal models of our Bank's Probability of Default (PD), Loss at Default (THK) Default Amount (TT) within the scope of TFRS 9 expected credit risk loss calculation, monitoring their performance, developing scenario-based macroeconomic models of parameters regarding future expectations
- Ensuring the accuracy, consistency and adequacy of the analytical models and processes used in decision-making processes and to evaluate their performance and to report the results at regular intervals

The analyzes and studies carried out at ICAAP, including the validation studies, are examined by the Inspection Board and an Analysis Report is prepared regarding the results.

*Channels used for disseminating and implementing risk culture within the Bank (e.g., codes of conduct, manuals including operational limits or procedures to be performed when risk thresholds are exceeded, procedures for identifying and sharing risk issues between business units and risk units*

The Bank exercises maximum efforts to perceive both risks and returns accurately during its activities and maintain its perspective for disseminating risk culture across the Bank. Accordingly, goals, vision and strategic approaches are shared in large group meetings held by the Bank's Top Management with employees.

Signal and limit structure established based on risk weighted assets is one of the channels used to disseminate risk culture within the Bank. Parameters for signal and limit structure and limit values of parameters are determined by risk management by consulting the relevant units and approved by the Board of Directors.

It is ensured that risk signal and limit structure is forwarded to relevant units in the Bank and the structure is understood by the staff. Utilization levels for signal and risk parameters are reported submitted to the Top Management



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**VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)**

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

**1.1. Bank's Risk Management Approach (Continued)**

*Channels used for disseminating and implementing risk culture within the Bank (e.g., codes of conduct, manuals including operational limits or procedures to be performed when risk thresholds are exceeded, procedures for identifying and sharing risk issues between business units and risk units (Continued)*

If limits are exceeded, the Bank's Top Management is notified. In such a case, matters such as risk mitigation, risk transfer or risk-averse, increasing collaterals and similar issues can be considered as part of required actions. If limits are exceeded, forward-looking strategies and policies of the Bank including budget figures - can be reviewed or, where necessary, revised.

Another channel used to disseminate the risk culture is in the scope of ICAAP activities. It is essential to include assessment results for capital adequacy in the ICAAP Report covering all significant risks of the Bank. The report is prepared in coordination with risk management and with participation from other relevant units. Similarly, the Bank's budget goals for the upcoming years are also established with the participation of relevant units. The Bank's Top Management and relevant units conduct their ICAAP duties, authorities, and responsibilities in line with the Bank regulations and relevant legal legislation.

***Principal elements and scope of risk measurement system***

The Bank's risk measurement system functions in line with the best practices, legal regulations, fields of activity and product ranges in a consistent, reliable and integrated way. Regarding the inclusion of risk measurement results in decision-making processes, reports are elaborated with extensive explanations and assumptions to avoid any misinterpretation that may arise from errors and deficiencies.

Required activities are performed to engage in design, selection, implementation and pre-approval processes for risk measurement models; review accuracy, reliability and performance of models regularly through various methodologies and make required revisions; accordingly, and report results of analyses conducted with such models.

The Bank's capital adequacy ratio is calculated in accordance with the Communiqué on Measurement and Assessment of Capital Adequacy of Banks, Communiqué on Credit Risk Mitigation Techniques, and other relevant legal regulations.

Counter parties/operations related to the credit risk are separated on the basis of risk classes mentioned in Appendix-1 of the Communiqué on Measurement and Assessment of Capital Adequacy of Banks, and each of them is assigned by the weight of risk in line with the matters specified for relevant risk class. Then, they are subject to risk mitigation in accordance with the principles of Communiqué on Credit Risk Mitigation Techniques and weighted based on the risk weights.

After deduction of expected loss provisions for the loans for the stage 3 in accordance with Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves, non-cash loans and commitments are included in the calculation of credit-risk-weighted amount with loan conversion rates presented in article 5 of Communiqué on Measurement and Assessment of Capital Adequacy of Banks.

Trading accounts and the values deducted from the capital base in the shareholders' equity computation are excluded from calculation of credit risk-weighted assets.

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**VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)**

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

**1.1 Bank's Risk Management Approach (Continued)**

Calculations regarding to the counter party credit risk are made for repurchase agreement and derivative transactions. These transactions are added to the calculations after applying the rates presented in the amendments of the Communiqué on Measurement and Assessment of Capital Adequacy of Banks and Communiqué on Credit Risk Mitigation Techniques.

Calculations regarding counter parties credit risks are made with the basic financial collateral method and extensive collateral method for banking accounts and trading accounts respectively.

The amount subject to the total market risk is calculated through the standard method. Furthermore, value at risk forecasts is made on a daily basis and backward testing is performed so as to measure performance of the model.

Liquidity Coverage Ratio and Liquidity Risk Analysis reports for the liquidity risk are prepared in accordance with the relevant regulations. Furthermore, stress test is performed to assess maturity mismatch between sources and uses, contractual maturities as well as behavioral maturities of assets and liabilities, the Bank's liquidity requirement in a worst-case scenario and relevant damages that may be incurred based on scenario and sensitivity analysis activities.

Control of interest rate risk on banking accounts entails monitoring rate and maturity mismatch between sources and uses of fixed and variable interest rates, contractual maturities as well as behavioral maturities assets and liabilities and the effects of the usual and unusual changes in interest rates which is possibly uptrend and downtrend.

***Explanations provided to the Board of Directors and Top Management on risk reporting processes, particularly scope and main contents of reporting***

It is essential to inform the Top Management about developments and results of the analysis and activities conducted in order to achieve efficiency in risk management. Accordingly, a reporting system for informing Top Management is established and required measures are taken for healthy functioning of the system.

Informing process as part of reporting should be based on the most current data available on a periodical basis. Reports issued contain, at minimum, information on risk amount and development, legal capital requirement, legal ratios for liquidity and interest rate risks, stress test analysis results, effect of such results on capital adequacy level and ratios, realization level of risk limits and limitations, and assumptions of risk measurement method used.

As part of the reporting system, an information systems infrastructure is established for external reporting and required actions are taken to fulfill legal obligations fully in a timely manner in this regard.

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**VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)**

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

**1.1 Bank's Risk Management Approach (Continued)**

*Explanations on stress test (e.g., assets subject to stress test, scenarios applied, methodologies used and the use of stress test in risk management)*

Stress test is intended to pre-assess the effect of negative developments in specified risk factors on amounts subject to risk and capital adequacy/requirement level.

Conducting the stress test periodically is essential, and test result must be included in internal reporting and considered in strategic decision-making process or capital management. Results of stress test analysis are considered while establishing risk management policies.

In stress test activities, shock is applied to risk factors determined (factors specific to debtor or transaction or macroeconomic variables such as exchange rate, price, interest and so on), and the effects of results on risk-weighted asset amount and capital adequacy ratio are identified. Accordingly, risk factors are identified first and then assumptions to be implemented are determined and possible losses in the future are estimated. Stress test activities include creating scenarios, which are unlikely, if not impossible, and which may affect the Bank's risk level significantly.

The results of stress test are subject to internal Bank reporting and ICAAP Report. The results of stress test may be used in processes to determine the Bank's risk appetite or risk limits and identify new and current business strategies as a planning instrument and their effect on capital utilization.

Analyses of credit risk based on internal and external risk factors, counter party credit risk, liquidity risk, interest rate risk, operational risk and market risk are conducted in the case of stress tests which are subject to internal reporting.

The Board of Directors is responsible for assessing the results of the Stress Test Program and taking actions based on the results. Accordingly, actions such as revision of risk appetite, strategy and risk limits or restriction of activities to specific sectors or portfolios can be taken.

*The Bank's risk management, aversion and mitigation strategies and processes based on business model and monitoring processes for continuous efficiency of safeguards and mitigants*

Amounts subject to credit risk can be mitigated by using one or more risk mitigation techniques in line with the legal regulations.

Funded or unfunded credit safeguard instruments are considered while using the risk mitigation technique. Whether credit safeguard instruments meet minimum compulsory conditions specified in legal regulations is checked via the system.

The Bank performs risk mitigation through simple financial method. Credibility of guarantors are monitored and assessed in the scope of credit revision maturity.

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**VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)**

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

**1.1 Bank's Risk Management Approach (Continued)**

All Bank employees are responsible for control and mitigation of operational risks based on their job definitions and business processes. All Bank units are obliged to take risk mitigation measures for mitigation of operational risks that may occur in their respective fields of activity through insurance and other risk transfer mechanisms.

The Bank's market risk is mitigated through derivatives or other financial products by considering current conjuncture and risk appetite, risk capacity and risk level. Long term liabilities are obtained and the interest rate risk arising from liquidity and banking accounts is limited through the transactions performed.

Diversification of fund is deemed important for managing the liquidity risk that may occur. While the Bank's main funding sources are deposits, the strategy of preserving the granular structure of deposits is sustained. Besides, in order to increase the diversification of funds and decrease the maturity gap between assets and liabilities, non-deposit funds such as bond/bill issuances, repo transactions and funds borrowed are executed as for the asset side of the Bank, policies are pursued as part of measures to improve short term cash cycle and minimize maturity mismatch between assets and liabilities. As part of management of interest rate risk, measures are taken to reduce repricing maturity mismatch of interest sensitive assets and liabilities.

*Overview of Risk Weighted Amounts*

		Risk Weighted Amount		Minimum capital Requirement
		Current Period	Prior Period	Current Period
1	Credit Risk (excluding counterparty credit risk)	1.267.703.360	684.077.782	101.416.269
2	Standardized approach	1.267.703.360	684.077.782	101.416.269
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	27.821.921	11.260.224	2.225.754
5	Standardized approach for counterparty credit risk	27.821.921	11.260.224	2.225.754
6	Internal model method	-	-	-
7	Basic risk weight approach to internal model's 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	26.428.914	11.353.137	2.114.313
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	102.338.444	39.765.354	8.187.076
17	Standardized approach	102.338.444	39.765.354	8.187.076
18	Internal model approaches	-	-	-
19	Operational risk	55.981.209	46.913.603	4.478.497
20	Basic Indicator approach	55.981.209	46.913.603	4.478.497
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>1.480.273.848</b>	<b>793.370.100</b>	<b>118.421.909</b>

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**VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)**

**2. Connections Between Financial Statements and the Risk Amounts**

*Differences Between Accounting Consolidation and Legal Consolidation and Matching of the Subject*

Current Period	Valued amount according to TAS within legal consolidation (*)	Subject to credit risk framework	Carrying values of items			Not subject to capital requirements or subject to deduction from capital
			Subject to counterparty credit risk framework	Subject to the securitization framework	Subject to the market risk framework	
<b>Assets</b>						
Cash and Balances at Central Bank	374.394.385	374.394.385	-	-	-	-
Banks	11.469.649	11.469.649	-	-	-	-
Receivables from Money Markets	5.380.282	5.380.282	-	-	-	-
Financial Assets Measured at Fair Value to Profit or Loss	33.294.879	-	-	-	33.294.879	-
Financial Assets Measured at Fair Value to Other Comprehensive Income	395.673.165	310.511.955	83.133.879	-	85.160.754	-
Financial Assets Measured at Amortized Cost	159.329.978	159.329.978	22.603.804	-	-	-
Derivative Financial Assets	8.876.687	-	8.876.687	-	-	-
<b>Loans (Net)</b>	<b>1.218.395.213</b>	<b>1.254.715.708</b>	-	-	-	<b>15.445</b>
Investments in Associates (Net)	216.867	216.867	-	-	-	-
Investments in Subsidiaries (Net)	42.080.994	42.080.994	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	906.905	906.905	-	-	-	-
Receivables Form Leasing Transactions	-	-	-	-	-	-
Tangible Assets (Net)	16.223.059	16.212.790	-	-	-	10.269
Intangible Assets (Net)	2.272.601	-	-	-	-	2.272.601
Investment Properties (Net)	-	-	-	-	-	-
Tax Asset	-	-	-	-	-	-
Non-Currents Assets or Disposal Groups "Held for Sale" And "From Discontinued Operations (Net)	6.853.866	6.853.866	-	-	-	-
Other Assets	36.296.494	36.296.494	-	-	-	-
<b>Total Assets</b>	<b>2.311.665.024</b>	<b>2.218.369.873</b>	<b>114.614.370</b>	<b>-</b>	<b>118.455.633</b>	<b>2.298.315</b>
<b>Liabilities</b>						
Deposits	1.739.268.860	-	-	-	-	-
Funds Borrowed	110.206.072	-	1.111.812	-	-	-
Money Markets	85.062.689	-	85.062.688	-	-	-
Securities Issued (Net)	27.767.979	-	-	-	-	-
Funds	34.703	-	-	-	-	-
Derivative Financial Liabilities	3.156.119	-	-	-	-	-
Factoring Liabilities	-	-	-	-	-	-
Other Liabilities	56.514.636	-	-	-	-	-
Factoring Liabilities	1.408.617	-	-	-	-	-
Provisions	48.738.768	-	-	-	-	-
Tax Liability	8.077.656	-	-	-	-	-
Non-Currents Liabilities or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	-	-	-	-	-	-
Subordinated Debt Instruments	28.949.062	-	-	-	-	-
Equity	202.479.863	-	-	-	-	-
<b>Total Liabilities</b>	<b>2.311.665.024</b>	<b>-</b>	<b>86.174.500</b>	<b>-</b>	<b>-</b>	<b>-</b>

(\*) It represents the Bank's unconsolidated financial statements.

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**VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)**

**2. Connections Between Financial Statements and the Risk Amounts (Continued)**

*Differences Between Accounting Consolidation and Legal Consolidation and Matching of the Subject  
(Continued)*

Prior Period	Valued amount according to TAS within legal consolidation (*)	Carrying values of items				Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization on framework	Subject to the market risk framework	
<b>Assets</b>						
Cash and balances at central bank	208.783.733	208.783.733	-	-	-	-
Banks	12.995.758	12.995.758	-	-	-	-
Receivables from Money Markets	281.931	281.931	-	-	-	-
Financial assets measured at fair value to profit or loss	26.659.712	-	-	-	26.659.712	-
Financial assets measured at fair value to other comprehensive income	270.157.157	200.944.032	170.822.248	-	69.213.060	-
Financial assets measured at amortized cost	44.577.797	44.577.797	4.600.734	-	-	-
Derivative financial assets	12.048.564	-	12.048.564	-	-	-
<b>Loans (Net)</b>	<b>749.331.520</b>	<b>766.240.872</b>	-	-	-	<b>14.256</b>
Investments in associates (Net)	152.904	152.904	-	-	-	-
Investments in subsidiaries (Net)	20.610.313	20.610.313	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	224.673	224.673	-	-	-	-
Receivables Form Leasing Transactions	-	-	-	-	-	-
Tangible Assets (Net)	6.654.792	6.644.573	-	-	-	10.219
Intangible Assets (Net)	1.365.095	-	-	-	-	1.365.095
Investment Properties (Net)	-	-	-	-	-	-
Tax Asset	1.519.079	1.519.079	-	-	-	-
Non-Currents Assets or Disposal Groups "Held for Sale" And "From Discontinued Operations (Net)	5.118.932	5.118.932	-	-	-	-
Other Assets	10.408.308	10.408.308	-	-	-	-
<b>Total Assets</b>	<b>1.370.890.268</b>	<b>1.278.502.905</b>	<b>187.471.546</b>	-	<b>95.872.772</b>	<b>1.389.570</b>
<b>Liabilities</b>						
Deposits	948.686.615	-	-	-	-	-
Funds Borrowed	59.316.661	-	11.795.858	-	-	-
Money Markets	176.699.096	-	157.258.969	-	-	-
Securities Issued (Net)	26.162.041	-	-	-	-	-
Funds	31.956	-	-	-	-	-
Derivative Financial Liabilities	3.590.919	-	-	-	-	-
Factoring Liabilities	-	-	-	-	-	-
Other Liabilities	26.753.694	-	-	-	-	-
Factoring Liabilities	789.483	-	-	-	-	-
Provisions	9.060.012	-	-	-	-	-
Tax Liability	1.272.431	-	-	-	-	-
Non-Currents Liabilities or Disposal Groups "Held for Sale" And "From Discontinued Operations (Net)	-	-	-	-	-	-
Subordinated Debt Instruments	21.427.601	-	-	-	-	-
Equity	97.099.759	-	-	-	-	-
<b>Total Liabilities</b>	<b>1.370.890.268</b>	-	<b>169.054.827</b>	-	-	-

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**VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)**

**2. Connections Between Financial Statements and the Risk Amounts (Continued)**

*The main sources of the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements*

<b>Current Period</b>	<b>Total</b>	<b>Subject to credit risk framework</b>	<b>Subject to counterparty credit risk framework</b>	<b>Subject to the market risk framework</b>
<b>Asset carrying value amount under scope of regulatory consolidation</b>	<b>2.311.665.024</b>	<b>2.218.369.873</b>	<b>114.614.370</b>	<b>118.455.633</b>
Liabilities carrying value amount under regulatory scope of consolidation	-	-	86.174.500	-
<b>Total net amount under regulatory scope of consolidation</b>	<b>2.311.665.024</b>	<b>2.218.369.873</b>	<b>28.439.870</b>	<b>118.455.633</b>
Off-balance sheet amounts	988.608.242	258.988.398	386.119.407	-
Valuation Differences	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	-	-	-	-
Differences due to consideration of provisions	-	-	-	-
Differences due to prudential filters	-	-	-	-
<b>Amount of Risk</b>	<b>3.300.273.266</b>	<b>2.477.358.271</b>	<b>414.559.277</b>	<b>118.455.633</b>

<b>Prior Period</b>	<b>Total</b>	<b>Subject to credit risk framework</b>	<b>Subject to counterparty credit risk framework</b>	<b>Subject to the market risk framework</b>
<b>Asset carrying value amount under scope of regulatory consolidation</b>	<b>1.370.890.268</b>	<b>1.278.512.781</b>	<b>187.471.546</b>	<b>95.872.772</b>
Liabilities carrying value amount under regulatory scope of consolidation	-	-	169.054.827	-
<b>Total net amount under regulatory scope of consolidation</b>	<b>1.370.890.268</b>	<b>1.278.512.781</b>	<b>18.416.719</b>	<b>95.872.772</b>
Off-balance sheet amounts	640.240.343	165.871.734	263.807.849	-
Valuation Differences	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	-	-	-	-
Differences due to consideration of provisions	-	-	-	-
Differences due to prudential filters	-	-	-	-
<b>Amount of Risk</b>	<b>2.011.130.611</b>	<b>1.444.384.515</b>	<b>282.224.568</b>	<b>95.872.772</b>

*Explanations on differences between risk amounts and valued amounts in accordance with the Turkish Accounting Standards*

There is no significant difference between financial statement values of assets and liabilities and values included in capital adequacy calculation.

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**VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)**

**3. Credit Risk Explanations**

**3.1 Transformation of bank's business model into components in credit risk profile**

The banks must allocate risk limits approved by board of directors of the banks and monitor limit utilization pursuant to Article 38 of the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks issued by the BRSA and published in the Official Gazette no. 29057 dated 11 July 2014. Furthermore, pursuant to paragraph 5 of the same article, it is expected to establish a signal structure that will serve as an early warning mechanism in addition to the limit structure.

Additionally, principle 5 of the Guideline for Counter Party Credit Risk Management announced to the public by the BRSA with the Agency Decision no. 6827 dated 31 March 2016 States that banks must allocate a limit for counter party credit risk (CCR).

Pursuant to aforementioned regulations, to what extent the Bank gets closer to allocated limits approved by the board of directors or to what extent these levels were exceeded must be monitored by the risk management unit which was structured independent from executive units. This practice that was included in monitoring function of the risk management unit is significant as it presents a legal obligation, and it helps optimization of resource utilization.

In accordance with the changing organizational structure of the Bank, the signal and limit with risk of change in customer segmentation are on corporate, commercial and individual segment basis in accordance with the customer segment structure and are updated according to the changes in the segmentation structure. Signal and limit values for counter party credit risk transactions were determined separately for banking accounts and trading accounts based on portfolio type. Calculations were made based on ratio of risk weighted asset amounts calculated for relevant parameters to total credit and market risk weighted asset amounts and they are reported to the Bank's Top Management periodically through relevant units.

In an attempt to prevent significant effects of unfavorable developments in the portfolio subject to market risk, it is essential to restrict risk level to the limits in line with the Bank's risk appetite. Market risk limits were determined as interest rate risk and currency risk limits. Current values for such limits are calculated daily with market data and reported to the Bank's Top Management through relevant units. Market risk signal and limit values are monitored dynamically in the light of market developments and, if necessary, updated based on the developments in the Bank's strategy and risk appetite.

**3.2. Criteria and approach adopted for determining credit risk policy and credit risk limits**

As part of credit risk management, the Bank's risk management team conducts the functions of identification, measurement, monitoring and controlling of credit risk in line with the structure, size, complexity and growth rate of products and activities and reports the analysis, including stress test, and its results to the Bank's Top Management.

In an attempt to prevent significant effects of unfavorable developments in the portfolio subject to credit risk, credit risk level was restricted to the limits in line with the Bank's risk appetite. The limits are revised and, if needed, updated regularly in line with the developments in market conditions, the Bank's strategy, and risk appetite.

There is a signal and limit structure showing that credit risk limits are approached as a result of developments within or outside the Bank. The parameters related to this signal and limit structure and the limit values of the parameters are determined by the risk management by taking the opinions of the relevant units. The approval of the Audit Committee and the Board of Directors is obtained in order for the parameters and signal/limit threshold values to be implemented in the Bank. It is ensured that the risk signal and limit structure in the Bank is communicated to the relevant units and that the relevant personnel there understand the structure, and the realized values are closely monitored by the risk management periodically. Actual values of signal and limit parameters are subject to reports made to the Bank's Senior Management.



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**VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)**

**3. Credit Risk Explanations (Continued)**

**3.3. Structure and organization of credit risk management and control function**

The Bank's internal system units consist of the Inspection Board, Internal Audit Department, Compliance Department and Risk Management Department. Credit risk management is one of the six services under the Risk Management Department.

Activities conducted at the credit risk management unit, which is subject to inspection and controlling activities periodically, aim to establish and maintain a credit risk management infrastructure that is structured enough to meet legal obligations and flexible enough to accommodate the best practices. Accordingly, capital amount that should be reserved for credit risk is calculated; risk mitigation techniques are implemented; stress tests are conducted; credit risk signal and limit structures are monitored; activities are conducted to calculate credit risk with advanced methods and developments that may affect the Bank's credit risk are monitored. Analyses conducted are reported to the Top Management and relevant units periodically.

**3.4. Relationship between credit risk management, risk control, legal compliance, and internal audit functions**

Risk Management Department goes through inspection and control activities periodically. In case of any findings, they are reported and required activities are performed.

In addition, audit and control units are also involved in the ICAAP studies, which constitute an important part of risk management activities. Accordingly, the analyzes and studies carried out at ICAAP, including the validation studies, are examined by the Inspection Board and an Investigation Report is prepared regarding the results.

The controls on Risk Management Disclosures are carried out within the scope of Risk Management Department activities. Two separate control processes are carried out periodically in the related unit, Capital Adequacy Calculation process and other Risk Management processes control and are carried out within the scope of capital adequacy check points and guide and control points and guidance related to other risk management activities.

All activities, new transactions and products planned by the Bank; compliance with relevant laws, regulations, internal policies, and banking practices are controlled. In this context, the compliance of the legislative regulations regarding the Risk Management Disclosures with the intra-bank practices is also checked.

The control activities carried out in the Head Office Units are carried out in accordance with the control periods determined by taking into account the functions and the risks of the units, the duties of the units and their effects on the Bank's balance sheet. The control processes of the Head Office Units are carried out through the control points determined according to the processes, duties and powers of the unit and the control techniques are detailed in the General Directorate Control Manual.

**3.5. Scope and Main Content for Reporting to Top Management and Board Members on Credit Risk Management Function and Credit Risk Exposed**

It is essential to inform the Bank's Top Management about developments in credit risk management and results of the analysis and activities conducted in order to achieve efficiency in risk management. Accordingly, a reporting system for informing the Bank's Top Management on credit risk management is established and required measures are taken for healthy functioning of the system.

Informing process as part of reporting should be based on the most current data available on a periodical basis.

Reports issued contain, at a minimum, information on risk amount and development, legal capital requirement, stress test analysis results, effect of such results on capital adequacy level, actualization level of risk limits and limitations and assumptions of risk measurement method used.

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**VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)**

**3. Credit Risk Explanations (Continued)**

**3.6. Credit Quality of Assets**

Current Period	Defaulted	Non-defaulted	Allowances/Amortization and impairments	Net values
Loans	13.700.891	1.252.649.959	47.955.637	1.218.395.213
Debt Securities	-	476.439.573	14.651.369	461.788.204
Off-balance sheet exposures	1.400.028	639.781.886	9.108.014	632.073.900
<b>Total</b>	<b>15.100.919</b>	<b>2.368.871.418</b>	<b>71.715.020</b>	<b>2.312.257.317</b>

Prior Period	Defaulted	Non-defaulted	Allowances/Amortization and impairments	Net values
Loans	15.140.631	763.263.258	29.072.369	749.331.520
Debt Securities	-	255.715.754	8.388.604	247.327.150
Off-balance sheet exposures	1.222.526	399.459.021	3.285.225	397.396.322
<b>Total</b>	<b>16.363.157</b>	<b>1.418.438.033</b>	<b>40.746.198</b>	<b>1.394.054.992</b>

**3.7. Changes on Defaulted Loans and Debt Securities**

**Current Period**

<b>1</b>	<b>Defaulted loans and debt securities at end of the previous reporting period</b>	<b>15.140.631</b>
2	Loans and debt securities that have defaulted since the last reporting period	4.603.925
3	Returned to non-defaulted status	1.037.119
4	Amounts written off	-
5	Other changes	(5.006.546)
<b>6</b>	<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) (*) definitions</b>	<b>13.700.891</b>

(\*) Provisions for non-cash loans are not included in the table.

**Prior Period**

<b>1</b>	<b>Defaulted loans and debt securities at end of the previous reporting period</b>	<b>13.895.119</b>
2	Loans and debt securities that have defaulted since the last reporting period	6.433.514
3	Returned to non-defaulted status	1.053.332
4	Amounts written off	-
5	Other changes	(4.134.670)
<b>6</b>	<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) (*) definitions (*)</b>	<b>15.140.631</b>

(\*) Provisions for non-cash loans are not included in the table.

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

**3. Credit Risk Explanations (Continued)**

**3.8. Additional Explanations on Credit Quality of Assets**

*Differences between definitions and explanations of "deferred" receivables and receivables for which "provision was allocated", and definitions of "deferred" and "provision of allocation", if any*

The Bank classifies its credits and other receivables and allocates expected loss provisions pursuant to the "Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions" published in the Official Gazette no. 29750 dated 22 June 2016. The term "Deferred Receivables" is used for credits named "Loans under Close Monitoring" whose maturity is deferred for up to 90 days as of the end of period without any impairments as well as for credits named "Non-Performing Loans" whose maturity is deferred for more than 90 days or subject to impairment. In practice, the Bank sets expected credit loss provisions for the stage 1 and stage 2 for credits classified as "Standard Credits" and "Under Close Monitoring" and expected loss provisions for the loans for the stage 3 for credits classified as "Non-Performing Loans".

*The portion of the overdue receivables (over 90 days) that are not considered as "provisioned" and the reasons for this practice*

The Bank automatically transfers the loans over 90 days past due to the follow-up accounts in accordance with the provisions of the Regulation on Provisions and allocates the provision for the relevant class.

*Definitions of methods used for determining provision amount*

The Bank sets expected loss provisions for loans and other receivables in accordance with the regulations stated by the Communiqué published on the Official Gazette numbered 29750 and dated 22 June 2016 on "Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions".

*Definitions of restructured receivable*

Real/legal persons using credit may, from time to time, face usual risks of business life such as failure to include the excessive cost increases in sales prices, loss of market share and turnover, unexpected expenses, problems in collection of receivables due to some factors that are beyond reasonable control of its own businesses or other businesses worked with. They may therefore have temporary liquidity difficulties. It involves setting new loan repayment maturities in line with cash flows for businesses which have no significant problem in credit worthiness and sustain their income-generating activities but fail, or priorly imply failure, to make their loan repayment in a timely manner due to temporary liquidity problems.

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**VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)**

**3. Credit Risk Explanations (Continued)**

**3.8. Additional Explanations on Credit Quality of Assets (Continued)**

*Breakdown of receivables by geographic regions, sectors, and remaining maturity; receivable amounts subject to allocation of provision by geographic regions and sectors and their respective provisions; amounts removed from the assets*

	Loans and Receivables	Non-Performing Loans	Expected Loss Provisions	Total
Domestic	1.241.715.763	13.596.197	47.760.212	1.207.551.748
European Union Countries	2.283.563	58.451	78.764	2.263.250
USA, Canada	31.058	4.249	4.364	30.943
OECD Countries <sup>(1)</sup>	1.632.289	-	4.694	1.627.595
Off-Shore Banking Regions	-	-	-	-
Other	6.987.286	41.994	107.603	6.921.677
<b>Total</b>	<b>1.252.649.959</b>	<b>13.700.891</b>	<b>47.955.637</b>	<b>1.218.395.213</b>

<sup>(1)</sup> OECD countries other than EU countries, USA, and Canada.

	Loans and Receivables	Non-Performing Loans	Expected Loss Provisions	Total
Agriculture	261.617.031	910.556	2.112.829	260.414.758
Farming and Stockbreeding	259.933.223	900.086	2.097.355	258.735.954
Forestry	561.488	5.067	7.834	558.721
Fishing	1.122.320	5.403	7.640	1.120.083
Manufacturing	313.509.241	2.103.218	18.111.840	297.500.619
Mining and Quarrying	18.410.128	24.153	164.929	18.269.352
Production	220.591.766	1.837.499	15.899.836	206.529.429
Electric, Gas and Water	74.507.347	241.566	2.047.075	72.701.838
Construction	121.009.420	3.005.429	6.858.997	117.155.852
Services	273.989.434	3.943.231	15.834.238	262.098.427
Wholesale and Retail Trade	99.495.752	2.525.448	3.558.421	98.462.779
Hotel Food and Beverage Services	26.990.999	325.349	3.115.872	24.200.476
Transportation and Telecommunication	40.871.856	155.323	253.856	40.773.323
Financial Institutions	15.468.401	7.141	51.628	15.423.914
Real Estate and Leasing Services	85.407.400	887.488	8.229.515	78.065.373
Self-Employment Services	-	-	-	-
Education Services	2.224.385	17.864	191.669	2.050.580
Health and Social Services	3.530.641	24.618	433.277	3.121.982
Other	282.524.833	3.738.457	5.037.733	281.225.557
<b>Total</b>	<b>1.252.649.959</b>	<b>13.700.891</b>	<b>47.955.637</b>	<b>1.218.395.213</b>

Information regarding breakdown of receivables according to remaining maturities is given in Note II-4.

***Aging Analysis for Overdue Receivables***

Day Past Due	Current Period	Prior Period
1-30 Days	3.118.259	3.410.714
31-60 Days	1.367.635	2.227.979
61-90 Days	822.700	1.054.843
90 +	69.803	165.405
<b>Total</b>	<b>5.378.397</b>	<b>6.858.941</b>

Loans under close monitoring amounting to TL 81.253.767 (31 December 2021: TL 73.083.510) are not overdue.

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**VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)**

**3. Credit Risk Explanations (Continued)**

**3.8. Additional Explanations on Credit Quality of Assets (Continued)**

*Breakdown of restructured receivables by allocation of provision*

Out of the Bank's total restructured loans amounting to TL 77.037.963, TL 75.581.370 consists of live loans and TL 1.456.593 consists of non-performing loans. The total first and second stage expected loss provision for those restructured from non-performing loans is TL 27.016.905, and the third stage expected loss provision for nonperforming loans is TL 1.132.408. (December 31, 2021: Of the Bank's total restructured loans amounting to TL 56.682.835, TL 54.595.239 consists of non-performing loans, while TL 2.087.596 is composed of non-performing loans. Total first and second stage expected loss provision for non-performing loans. TL 13.532.973 and the third stage expected loss provision for those restructured from non-performing loans is TL 1.580.914. Expected loss provision for non-performing loans amounting to TL 65.200 has not been allocated).

**3.9. Credit risk mitigation**

**3.9.1. Qualitative requirements to be disclosed to public regarding credit risk mitigation techniques**

*Basic characteristics of policies and processes on the extent of utilization of on-balance sheet and off-balance sheet netting*

The practice of on-balance sheet and off-balance sheet netting is not used while mitigating credit risk within the Bank.

**3.10. Credit risk mitigation techniques - Overview**

Current Period	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans	910.085.153	250.693.973	35.601.084	240.095.265	31.671.295	-	-
Debt Securities	411.251.347	-	-	-	-	-	-
<b>Total</b>	<b>1.321.336.500</b>	<b>250.693.973</b>	<b>35.601.084</b>	<b>240.095.265</b>	<b>31.671.295</b>	<b>-</b>	<b>-</b>
Of which defaulted	12.752.275	926.013	217.871	912.025	217.568	-	-

Prior Period	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans	538.224.704	153.309.865	52.175.656	145.862.713	49.627.733	-	-
Debt Securities	200.984.844	-	-	-	-	-	-
<b>Total</b>	<b>739.209.548</b>	<b>153.309.865</b>	<b>52.175.656</b>	<b>145.862.713</b>	<b>49.627.733</b>	<b>-</b>	<b>-</b>
Of which defaulted	14.129.917	990.865	281.821	973.812	280.901	-	-

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

**3. Credit Risk Explanations (Continued)**

**3.11. Credit risk if standard approach is used**

**3.11.1. Qualitative explanations on ratings used by banks while calculating credit risk with standard approach**

***Names of Credit Rating Agencies (CRA) and Export Rating Agencies (ERA) used by the Bank and the reasons in case of any change during the reporting period***

The Bank uses ratings of Fitch Ratings International Rating Agency and Islamic International Rating Agency (IIRA) while calculating the amount subject to credit risk through standard approach. The country risk classification published by the Economic Cooperation and Development Organization (OECD) is taken as basis for the unrated central government and central banks.

***Risk classes using CRA and ERA ratings***

For the risk class received from banks and intermediary institutions, the ratings of the Fitch Ratings International Rating Agency are used for determining the risk weights for the risk classes using a rating grade from the risk classes specified in Article 6 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks. While the international rating score is taken into consideration for the entire risk class receivables from central governments or central banks, the ratings of the Islamic International Rating Agency (IIRA) are used. The country risk classification published by the Organization for Economic Cooperation and Development (OECD) is taken as basis for unclassified central government and central banks. The counterparties residing domestically are accepted as "unrated" and take the risk weight which is appropriate for the "unrated" category in the related risk class.

***Explanation on how credit rating of debtor is used for other assets of debtor in banking accounts***

In order to determine the risk weight of the items subject to issuance or issuer rating among the items included in the banking accounts, the issue rating is first examined, and in the absence of an issue rating, the credit rating of the issuer is taken into account.

***Matching rating grades on the basis of risk***

Rating assigned by a credit rating agency that is not listed in the BRSA's matching table is not used in calculations.

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**VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)**

**3. Credit Risk Explanations (Continued)**

**3.12. Standard Approach - Loan risk Exposure and the Effects of Loan Risk Reduction  
Technique**

Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk Weighted Amount	Risk Weighted Amount Density
Exposures to sovereigns and their central banks	710.282.705	1.786.581	741.270.918	839.830	3.260.536	0,4%
Exposures to regional and local governments	632.524	208.595	594.032	134.406	324.987	44,6%
Exposures to administrative bodies and non-commercial entities	11.478.284	2.541.026	11.473.249	1.191.066	12.632.228	99,7%
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	93.280.224	21.400.805	93.920.617	12.105.809	31.788.249	30,0%
Exposures to corporates	511.794.257	309.790.124	499.889.648	172.837.429	653.580.152	97,2%
Retail exposures	327.632.871	174.352.531	308.787.287	19.154.731	246.481.248	75,2%
Exposures secured by residential property	130.144.913	3.501.063	129.528.720	1.584.055	45.885.053	35,0%
Exposures secured by commercial property	90.655.252	10.967.716	90.655.252	6.670.045	55.653.436	57,2%
Past-due items	2.045.847	-	1.828.284	-	1.142.264	62,5%
Exposures in high-risk categories	95.893.291	294.326	95.893.287	226.984	172.440.743	179,4%
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	26.948.269	146.234	26.947.143	73.072	26.428.914	97,8%
Other exposures	70.417.137	-	70.417.137	-	58.041.041	82,4%
Equity share investments	20.205.048	-	20.205.048	-	9.365.711	46,4%
<b>Total</b>	<b>2.091.410.622</b>	<b>524.989.001</b>	<b>2.091.410.622</b>	<b>214.817.427</b>	<b>1.317.024.562</b>	<b>57,1%</b>

Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk Weighted Amount	Risk Weighted Amount Density
Exposures to sovereigns and their central banks	448.448.814	513.114	496.650.060	665.485	9.543.672	1,9%
Exposures to regional and local governments	485.866	74.499	421.360	104.362	234.769	44,7%
Exposures to administrative bodies and non-commercial entities	5.817.265	566.846	5.159.064	566.846	5.704.900	99,6%
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	82.505.805	9.057.008	74.259.520	10.138.734	16.432.472	19,5%
Exposures to corporates	379.851.827	100.591.550	281.490.310	99.441.099	378.199.467	99,3%
Retail exposures	360.370.732	11.630.728	238.056.751	11.517.405	186.524.904	74,7%
Exposures secured by residential property	67.845.397	477.136	66.963.648	477.136	23.602.123	35,0%
Exposures secured by commercial property	31.527.592	1.922.107	30.405.544	1.922.107	18.867.278	58,4%
Past-due items	2.900.742	-	2.619.845	-	2.191.142	83,6%
Exposures in high-risk categories	14.975.081	32.426	14.934.885	32.238	22.304.678	149,0%
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	11.420.172	75.916	11.339.832	75.916	11.353.137	99,5%
Other exposures	28.162.738	-	28.162.737	-	21.459.602	76,2%
Equity share investments	9.926.637	-	9.926.637	-	5.742.774	57,9%
<b>Total</b>	<b>1.444.238.668</b>	<b>124.941.330</b>	<b>1.260.390.193</b>	<b>124.941.328</b>	<b>702.160.918</b>	<b>50,7%</b>

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**VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)**

**3. Credit Risk Explanations (Continued)**

**3.13. Standard Approach: Receivables related with Risk Classes and Risk Weights**

<b>Current Period Risk Classes/ Risk Weight</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>25%</b>	<b>35% secured by property mortgage</b>	<b>50% secured by property mortgage</b>	<b>50% (*)</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>250%</b>	<b>Other</b>	<b>Total risk amount (post-CCF and CRM)</b>
Exposures to sovereigns and their central banks	738.333.787	-	143.674	-	-	-	802.971	-	2.830.316	-	-	-	742.110.748
Exposures to regional and local government	69.172	-	24.081	-	-	-	630.029	-	5.156	-	-	-	728.438
Exposures to administrative bodies and non-commercial entities	31.958	-	161	-	-	-	-	-	12.632.196	-	-	-	12.664.315
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	34.983.602	-	16.557.433	-	-	-	52.008.683	-	2.472.333	-	-	4.375	106.026.426
Exposures to corporates	6.025.124	-	14.700.628	-	-	-	2.722.598	-	649.278.727	-	-	-	672.727.077
Retail exposures	2.777.602	-	462.538	-	-	-	-	313.252.546	11.449.332	-	-	-	327.942.018
Exposures secured by residential property	11.188	-	3.352	-	131.098.235	-	-	-	-	-	-	-	131.112.775
Exposures secured by commercial property	-	-	-	-	-	83.343.721	-	-	13.981.576	-	-	-	97.325.297
Past-due items	224	-	8	-	-	-	1.371.579	-	456.473	-	-	-	1.828.284
Exposures in high-risk categories	69.384	-	2.394	-	-	-	13.417	-	483	39.501.636	-	56.532.957	96.120.271
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	591.301	-	-	-	-	-	-	-	26.428.914	-	-	-	27.020.215
Equity share investments	10.839.337	-	-	-	-	-	-	-	9.365.711	-	-	-	20.205.048
Other exposures	12.374.618	-	1.848	-	-	-	-	-	58.040.671	-	-	-	70.417.137
<b>Total</b>	<b>806.107.297</b>	<b>-</b>	<b>31.896.117</b>	<b>-</b>	<b>131.098.235</b>	<b>83.343.721</b>	<b>57.549.277</b>	<b>313.252.546</b>	<b>786.941.888</b>	<b>39.501.636</b>	<b>-</b>	<b>56.537.332</b>	<b>2.306.228.049</b>

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



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**VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)**

**3. Credit Risk Explanations (Continued)**

**3.13. Standard Approach: Receivables related with Risk Classes and Risk Weights (Continued)**

Prior Period Risk Classes/ Risk Weight	0%	10%	20%	25%	35% secured by property mortgage	50% secured by property mortgage	50% <sup>(*)</sup>	75%	100%	150%	250%	Other	Total risk amount (post-CCF and CRM)
Exposures to sovereigns and their central banks	479.872.931	-	270.902	-	-	-	15.364.442	-	1.807.270	-	-	-	497.315.545
Exposures to regional and local government	58.780	-	24.081	-	-	-	425.818	-	17.043	-	-	-	525.722
Exposures to administrative bodies and non-commercial entities	20.841	-	212	-	-	-	-	-	5.704.857	-	-	-	5.725.910
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	48.262.942	-	9.185.815	-	-	-	22.501.096	-	3.322.238	-	-	1.126.163	84.398.254
Exposures to corporates	1.602.202	-	783.308	-	-	-	1.003.914	-	377.540.825	-	-	1.160	380.931.409
Retail exposures	1.599.739	-	654.718	-	-	-	3.772	243.695.409	3.620.518	-	-	-	249.574.156
Exposures secured by residential property	5.075	-	2.495	-	67.433.214	-	-	-	-	-	-	-	67.440.784
Exposures secured by commercial property	-	-	-	-	-	26.920.745	-	-	5.406.906	-	-	-	32.327.651
Past-due items	797	-	21	-	-	-	855.778	-	1.763.249	-	-	-	2.619.845
Exposures in high-risk categories	78.736	-	3.482	-	-	-	23.120	-	511	14.861.274	-	-	14.967.123
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	62.611	-	-	-	-	-	-	-	11.353.137	-	-	-	11.415.748
Equity share investments	4.183.863	-	-	-	-	-	-	-	5.742.774	-	-	-	9.926.637
Other exposures	6.703.116	-	25	-	-	-	-	-	21.459.596	-	-	-	28.162.737
<b>Total</b>	<b>542.451.633</b>	<b>-</b>	<b>10.925.059</b>	<b>-</b>	<b>67.433.214</b>	<b>26.920.745</b>	<b>40.177.940</b>	<b>243.695.409</b>	<b>437.738.924</b>	<b>14.861.274</b>	<b>-</b>	<b>1.127.323</b>	<b>1.385.331.521</b>

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

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**VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)**

**3. Credit Risk Explanations (Continued)**

**3.14. Credit risk under Internal Ratings-Based (IRB) Approach**

Standard approach is used in the Bank's credit risk calculations.

**3.15. Counter Party Credit Risk Explanations**

***Risk management goals and policies for CCR***

As part of the Bank's counter party credit risk management, the functions of identification, measurement, monitoring and controlling of counter party credit risk are conducted in line with the structure, size, complexity and growth rate of products and activities, and the analysis, including stress test, and its results are reported to the Top Management.

As part of capital adequacy ratio calculations, activities for counter party credit risk are an integral part of planning, monitoring, and controlling of total risk profile, and counter party credit risk management is integrated to periodic risk management process.

In the scope of counter party risk management, it is aimed to meet legal obligations and to establish and maintain counter party credit risk management infrastructure that is flexible and structured enough to accommodate the best practices. Accordingly, it is planned to conduct stress test activities, improve counter party credit risk signal, and limit structure and conduct relevant monitoring function.

***Operational limit allocation method specified in the scope of internal capital calculated for CCR and CCP risk***

Critical thresholds (signal and limit values) indicating that limits are approached due to internal or external developments have been identified. In the event that these values are approached or exceeded, relevant units take required actions.

Parameters for signal and limit structure and limit values of parameters are determined by consulting the relevant units and implemented at the Bank upon approval of the Audit Committee and Board of Directors.

Internal limits are determined by considering the Bank's budget, strategy and expectations for upcoming years, developments in Türkiye and abroad and historical realization of risks.

***Policies for establishing guarantee and other risk mitigation and CCR, including CCP risk***

In an attempt to identify the counter party credit risk that the Bank may face, risk measurement and monitoring activities are performed, and their results are considered in strategic decision-making process.

Our risk management structure involves activities to ensure that counter party credit risk measurement system functions and is maintained in line with the best practices, legal regulations, fields of activity and product ranges in a consistent, reliable, and integrated way.

As part of counter party credit risk management, stress test scenarios were created by anticipating any unfavorable developments in macroeconomic conditions and the Bank's balance sheet. Results of stress test analysis are considered while establishing risk management policies.

The amount subject to the counterparty credit risk is determined by the “Valuation Method According to Fair Value” as of July 1, 2022 within the scope of Article 2 of the “Regulation on the Amendment to the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks” published in the Official Gazette No. 31740 dated February 4, 2022.” is calculated with the “Standard Approach” and reported every month. In addition, the capital requirement is calculated for the credit valuation adjustment risk for all derivative transactions.

Additionally, compliance of transactions posing counter party credit risk with thresholds within signal and limit structure is monitored and research is conducted for counter party credit risk calculations with advanced methods.

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

**VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)**

**3. Credit Risk Explanations (Continued)**

**3.15. Counter Party Credit Risk Explanations (Continued)**

*Rules for countertrend risk*

Boasting a strong lending and collateralization structure, the Bank avoids collateralization in positive correlation with the debtor's credibility and activities in connection with risk mitigation techniques are performed by considering qualitative criteria specified in legal legislation for calculation of amount subject to credit risk.

*Amount of additional collateral that the Bank must submit in case of a decline in credit rating*

As the Bank has no transactions in connection with credit rating, there is not any additional collateral amount it must pay.

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

	Current Period	Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) (*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
	Valuation Method according to fair value - CCR (for derivatives)	-	-			-	-
1	Standardized approach - CCR (for derivatives)	5.741.834	4.444.698		1,4	14.261.144	4.749.680
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					94.884.042	16.566.809
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					4.768.057	1.575.711
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	<b>Total</b>						<b>22.892.200</b>

(\*) Effective Expected Positive Exposure

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**VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)**

**3. Credit Risk Explanations (Continued)**

**3.16. Evaluation of Counterparty Credit Risk in Accordance with the Measurement Methods (Continued)**

	Prior Period	Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) (*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
	Valuation Method according to fair value - CCR (for derivatives)	7.543.403	1.966.845			9.510.248	2.292.993
1	Standardised approach - CCR (for derivatives)	-	-		1,4	-	-
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					121.364.657	3.246.183
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					20.922.022	1.168.277
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	<b>Total</b>						<b>6.707.453</b>

(\*) Effective Expected Positive Exposure

**3.17. Capital Requirement for Loan Valuation Adjustment**

	Current Period	Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardized CVA capital charge	14.261.144	4.918.117
4	<b>Total subject to the CVA capital charge</b>	<b>14.261.144</b>	<b>4.918.117</b>

  

	Prior Period	Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardized CVA capital charge	9.510.248	4.510.541
4	<b>Total subject to the CVA capital charge</b>	<b>9.510.248</b>	<b>4.510.541</b>

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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

3.18. Standardized approach - CCR exposures by regulatory portfolio and risk weights

Current Period Risk Weight/Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure <sup>(1)</sup>
Claims from central governments and central banks	22.201.004	-	-	-	-	-	-	-	22.201.004
Claims from regional and local governments	1.460	-	-	2	-	-	-	-	1.462
Claims from administration and non-commercial entity	7.902	-	-	-	-	12	-	-	7.914
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	26.670.860	-	15.477.561	30.516.317	-	146.864	-	4.375	72.815.977
Corporates	3.281.395	-	13.954.511	-	-	1.596.981	-	-	18.832.887
Retail portfolios	53.349	-	-	-	5.026	-	-	-	58.375
Other claims <sup>(2)</sup>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>52.215.970</b>	<b>-</b>	<b>29.432.072</b>	<b>30.516.319</b>	<b>5.026</b>	<b>1.743.857</b>	<b>-</b>	<b>4.375</b>	<b>113.917.619</b>

<sup>(1)</sup> Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

<sup>(2)</sup> Other assets: the amount excludes exposures to “Central counterparty” which are reported in Counterparty credit.

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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

3.18. Standardized approach - CCR exposures by regulatory portfolio and risk weights (Continued)

Prior Period Risk Weight/Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure <sup>(1)</sup>
Claims from central governments and central banks	98.780.005	-	-	-	-	-	-	-	98.780.005
Claims from regional and local governments	3.736	-	-	215	-	-	-	-	3.951
Claims from administration and non-commercial entity	6.272	-	-	-	-	393	-	-	6.665
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	35.725.103	-	8.256.265	6.343.737	-	222.724	-	1.126.163	51.673.992
Corporates	778.467	-	-	-	-	1.651.846	-	1.160	2.431.473
Retail portfolios	15.817	-	-	-	12.347	-	-	-	28.164
Other claims <sup>(2)</sup>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>135.309.400</b>	<b>-</b>	<b>8.256.265</b>	<b>6.343.952</b>	<b>12.347</b>	<b>1.874.963</b>	<b>-</b>	<b>1.127.323</b>	<b>152.924.250</b>

<sup>(1)</sup> Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM technique

<sup>(2)</sup> Other assets: the amount excludes exposures to “Central counterparty” which are reported in Counterparty credit risk.

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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

3.19. Risk classes and counterparty credit risk explanation

None.

*Collaterals for CCR*

Current Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	594.600	-
Cash-foreign currency	-	-	-	-	45.646.010	-
Domestic sovereign debts	-	-	-	-	5.002.809	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate Debts	-	-	-	-	-	-
Equity Securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>51.243.419</b>	-

Prior Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	14.321.418	-
Cash-foreign currency	-	-	-	-	34.393.015	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>48.714.433</b>	-

*Credit Derivatives*

None.

*Risk Weight changes under CCR on the Internal Modeling Management Methods.*

None.

*Risks Related with Central Counterparties*

		Exposure at default (post-CRM)	RWA
1	<b>Exposure to Qualified Central Counterparties (QCCPs) (total)</b>	<b>580.186</b>	<b>11.604</b>
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC Derivatives	4.375	88
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	-
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	575.811	11.516
10	Unfunded default fund contributions	-	-
11	<b>Exposures to non-QCCPs (total)</b>	-	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

*Explanations on Securitization Disclosure*

None.

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**VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)**

**4. Explanations on Market Risk**

**4.1. The Bank's process and strategies: A disclosure on the Bank's strategic goals for trading activities is made in a manner that includes processes for identification, measurement, monitoring and controlling of the Bank's market risks, hedging processes and strategies/processes for monitoring continuity of hedging efficiency**

In order to hedge market risk within the framework of financial risk management purposes, the Bank has determined market risk management activities and taken the necessary measures within the scope of the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks and the Regulation on the Internal Systems of Banks and Internal Capital Adequacy Assessment Process.

The Bank's market risk management policy and implementation procedures are determined within the scope of Risk Management, Stress Test Program and İSEDES Regulation approved by the Board of Directors.

The Bank ensures that measurement, monitoring, limiting, stress test and scenario analysis activities are conducted in line with the structure and complexity of its positions for market risk management and their results are reported periodically. Activities sustained are conducted over a trading portfolio specified by the Bank's Treasury Management and other activities subject to market risk.

The amount subject to market risk is calculated and monitored with standard method and advanced measurement method at the Bank. Furthermore, scenario analysis and stress tests are also conducted periodically

**4.2. Organization and structure of market risk management function: Definition of market risk management structure established for implementation of the Bank's strategies and processes as mentioned in line and definition of communication mechanism and relationship between different parties involved in market risk management**

Market risk management is a subunit of Risk Management Department, one of internal systems units established independently from executive units of the Bank.

Market risk management activities are conducted in line with the Regulation on Risk Management, Stress Test Program and ICAAP approved with the Board Decision no. 15/18 dated 28 April 2015 and performed by aiming the best practices in this structure.

The Bank's trading activities and transactions subject to market risk are monitored and measured regularly and required practices are performed for risk management. Required reports on market risk are submitted to relevant units and the Bank's Top Management regularly.

**4.3. Structure and scope of risk reporting and/or measurement systems**

The amount subject to the Bank's market risk is calculated on a monthly basis with the standard method and included in the Bank's capital adequacy ratio.

Apart from the standard method, Value at Risk (VaR) estimations are made for trading accounts on a daily basis and reported to relevant units. VaR calculated with Historical Simulation Method is used in daily reporting and limit measurement with a confidence level of 99%. VaR can be calculated with Parametric and Monte Carlo Methods in addition to Historical Simulation Method. Backward testing is performed so as to measure performance of used model and monitor market realization. Also, the Bank performs stress tests and scenario analyses on a daily and monthly basis to observe the effect of excessive market fluctuations that are not covered in the models on the Bank's financial position. Scenario analysis and stress test activities are reviewed and improved regularly in line with the market Dynamics.

The market risk exposure is restricted with VaR-based limits (interest rate and currency risk limit) within the context of the Regulation on Risk Management, Stress Test Program and ICAAP. Market risk limits are determined by the Bank's Board of Directors.



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**VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)**

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

**4.3. Structure and scope of risk reporting and/or measurement systems (Continued)**

<i>Standard approach</i>	RWA	
	Current Period	Prior Period
<b>Outright products</b>		
1 Interest rate risk (general and specific)	87.407.220	30.809.989
2 Equity risk (general and specific)	10.808.152	4.312.614
3 Foreign exchange risk	4.123.072	4.642.751
4 Commodity risk	-	-
<b>Options</b>		
5 Simplified approach	-	-
6 Delta-plus method	-	-
7 Scenario approach	-	-
8 Securitization	-	-
9 <b>Total</b>	<b>102.338.444</b>	<b>39.765.354</b>

Standard method is being used by the Bank to calculate the risk of the sector.

**5. Explanations on the Operational Risk**

In the Bank, Amount subject to Operational Risk is calculated with Basic Indicator Approach based on yearly. The parameter which determines the amount subject to operational risk in Basic Indicator Approach is gross revenue. Yearly gross revenue is calculated by adding net interest incomes to net fees and commission income, dividend income, trading profit/loss (net) and other operating incomes and by deducting profit/loss gained from sale of securities monitored out of purchase-sale account, extraordinary incomes, operating expense made against support service and amounts compensated from insurance.

Within the scope of the performances for modeling with the Advanced Measurement Approach of operational risk, based on the data in Operational Risk Loss database, Operational Value at Risk (OpVAR) measurements are calculated using Monte Carlo Simulation within the scope of Loss Distribution Method.

Current Period	31.12.2019	31.12.2020	31.12.2021	Total/Number of Positive GI years	Ratio (%)	Total
Gross Income	22.554.539	31.064.310	35.951.084	29.856.645	15	4.478.497
Amount Subject to Operational Risk (Total*12,5)	-	-	-	-	-	<b>55.981.209</b>

Prior Period	31.12.2018	31.12.2019	31.12.2020	Total/Number of Positive GI years	Ratio (%)	Total
Gross Income	21.442.915	22.554.539	31.064.310	25.020.588	15	3.753.088
Amount Subject to Operational Risk (Total*12,5)	-	-	-	-	-	<b>46.913.603</b>

**6. Explanations on the Interest Rate Risk for Banking Book**

Banking accounts interest rate risk management strategy policy and implementation procedures are determined within the context of “Regulation on Risk Management, Stress Test Program and the Bank’s Internal Capital Adequacy Assessment Process (“ICAAP”)”.

Bank performs scenario analysis with measurements that are suitable for structure and complexness of positions related to the market risk management, limiting, scenario analysis and stress test and reports the findings cyclically. Bank’s perform analysis related to interest rate risks for the entire balance sheet. New products and services are also evaluated from the point of interest rate risk that is originated from banking accounts.

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**VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)**

**6. Explanations on the Interest Rate Risk for Banking Book (Continued)**

In the risk management, the following methods are followed at minimum level: The follow-up of rate and maturity mismatch between sources and uses of fixed and variable interest rates, the analysis and follow-up of the effects of the usual and unusual changes in interest rates which is possibly uptrend and downtrend on the interest margin and on the current value of assets and liabilities, the analysis and follow-up of contractual maturities as well as behavioral maturities assets and liabilities, monitoring closely of interest margins for provided Turkish Liras and foreign currency, the follow-up of the effects of interest rate changes on Bank’s economic value and capital requirement, the follow-up of potential impacts of valuation methods, the calculation and the determination of the size of interest rate shock in Bank’s internal applications, the follow-up of yield curve risk. Also, in order to limit the impact of interest rate changes on Bank’s financial structure, the interest rate risk limit arising from banking accounts which is approved by the Board of Directors is followed monthly.

Type of Currency-Current Period	Shock Applied (+/- x basis point)	Gains/ (Losses)	Gains/Equity-(Losses)/Equity
1. TL	500	(30.350.499)	(12,40%)
2. TL	(400)	32.119.002	13,13%
3. EUR	200	4.919.788	2,01%
4. EUR	(200)	(5.162.601)	(2,11%)
5. USD	200	(9.685.343)	(3,96%)
6. USD	(200)	12.484.036	5,10%
<b>Total (for negative shocks)</b>	-	<b>39.440.437</b>	<b>16,12%</b>
<b>Total (for positive shocks)</b>	-	<b>(35.116.054)</b>	<b>(14,35%)</b>

Type of Currency-Prior Period	Shock Applied (+/- x basis point)	Gains/ (Losses)	Gains/Equity-(Losses)/Equity
1. TL	500	(11.867.872)	(9,48%)
2. TL	(400)	11.154.863	8,91%
3. EUR	200	3.274.065	2,61%
4. EUR	(200)	(3.384.407)	(2,70%)
5. USD	200	(6.087.622)	(4,86%)
6. USD	(200)	7.760.534	6,20%
<b>Total (for negative shocks)</b>	-	<b>15.530.990</b>	<b>12,40%</b>
<b>Total (for positive shocks)</b>	-	<b>(14.681.429)</b>	<b>(11,72%)</b>

Notes and explanations prepared in accordance with “the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks” published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016 are presented in this section. As of 31 December 2022, the following notes to be presented on a quarterly and semi-annually basis according to Communiqué have not been presented due to usage of standard approach for the calculation of capital adequacy by the Bank.

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

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

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

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT  
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**IX. EXPLANATIONS ON HEDGE ACCOUNTING**

Along with the hedge accounting, it is aimed to hedge the capital amounts allocated to foreign partnerships in the unconsolidated financial statements of the Bank from the currency risk effect due to changes in foreign exchange rates. Within the scope of fair value hedge accounting, the fair value changes of the hedging instrument are recognized in the income statement together with the fair value changes of the hedged item.

The efficiency test is performed using the “Amount balancing method” (“Dollar off-set method”) to compare the changes in fair value of the hedging instrument and the item subject to financial risk hedging. Efficiency tests are carried out at the beginning of hedge accounting and as of reporting periods. According to this method, the change in the value of the hedged item between the date when the hedging relationship started and the end of each reporting period is compared with the change in the value of the hedging instrument and the effectiveness ratio of the hedging relationship is calculated.

Hedge accounting is terminated when the hedging instrument expires, realizes, is sold or the effectiveness test is ineffective. If efficiency is restored, hedge accounting can be resumed.

<b>Hedging instrument</b>	<b>Hedged Item</b>	<b>Risk Exposure</b>	<b>Fair Value Difference of Hedging Instrument</b>	<b>Fair Value Difference of Hedged Items</b>	<b>Ineffective Portion</b>
FC Deposit (EUR)	EUR Capital Amounts Allocated to Foreign Partnerships	Foreign exchange rate risk	(3.792.404)	3.792.404	-

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT  
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**X. EXPLANATIONS ON OPERATING SEGMENTS**

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

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

Known as having the most extensive branch network in retail banking sector, the Bank renders services, such as deposits, consumer loans, pension payments, credit cards, automatic and regular payment, cheques and notes, money transfer order, foreign exchange transactions, ATM, internet banking, mobile banking, safe-deposit box and insurance brokerage services. Moreover, existing banking products are improved, and new banking products are launched in order to increase profitability and benefit from the services undertaken as being a state bank. By “Anahtar” IT system, which is working in a centralized manner, the Bank has the technical infrastructure required by modern banking to meet its clients’ needs.

In the context of corporate and commercial 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 main financial institution meeting the financing needs of the agricultural sector in Türkiye, the Bank; In addition to the agricultural business and investment loans that it provides directly to producers from its own resources in the fields of plant and animal production, aquaculture and agricultural mechanization, , the loans it extends to the Central Union of Agricultural Credit Cooperatives provide financial support to individuals and institutions operating in the agricultural sector.

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 another 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.

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**X. EXPLANATIONS ON OPERATING SEGMENTS (Continued)**

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

As of 31 December 2022, explanations on segment reporting as shown on the following page are in line with Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

**1. Table for Segment Reporting**

Current Period	Retail Banking	Corporate/ Commercial Banking	Specialized Banking	Treasury/ Investment Banking	Other	Total
<b>OPERATING INCOME/EXPENSE</b>						
Interest Income	26.524.054	57.870.912	23.490.683	112.214.953	529.622	220.630.224
Interest Expense	40.995.616	27.992.523	-	22.490.729	7.668.459	99.147.327
Net Interest Income/Expense	(14.471.562)	29.878.389	23.490.683	89.724.224	(7.138.837)	121.482.897
Net Fees and Commission Income/Expense	8.606.737	6.448.289	548.543	(4.271.599)	1.792.281	13.124.251
Dividend Income	-	-	-	268.092	-	268.092
Trading Profit/Loss (Net)	-	-	-	1.915.334	-	1.915.334
Other Operating Income	62.844	1.512.670	119.277	14.290	6.026.872	7.735.953
Provision for Expected Loss (-)	5.071.530	18.750.695	5.723.181	4	28.794.108	58.339.518
Other Expenses	5.829.694	212.271	339.504	-	18.555.001	24.936.470
Net Operating Profit/Loss	(16.703.205)	18.876.382	18.095.818	87.650.337	(46.668.793)	61.250.539
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	-	-
Tax Provision	-	-	-	-	(20.158.162)	(20.158.162)
Net Profit/Loss	(16.703.205)	18.876.382	18.095.818	87.650.337	(66.826.955)	41.092.377
<b>SEGMENT ASSETS</b>						
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	33.294.879	-	33.294.879
Banks and Money Markets	-	-	-	16.849.931	-	16.849.931
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	395.673.165	-	395.673.165
Loans	214.070.201	677.988.885	243.390.998	82.945.129	-	1.218.395.213
Financial Assets Measured at Amortised Cost (Net)	-	-	-	159.329.978	-	159.329.978
Derivative Financial Assets	-	-	-	8.876.687	-	8.876.687
Associates, Subsidiaries and Entities under Common Control	-	-	-	43.204.766	-	43.204.766
Other Assets	12.446	4.980.515	98.632	361.012.143	69.936.669	436.040.405
<b>Total Segment Assets</b>	<b>214.082.647</b>	<b>682.969.400</b>	<b>243.489.630</b>	<b>1.101.186.678</b>	<b>69.936.669</b>	<b>2.311.665.024</b>
<b>SEGMENT LIABILITIES</b>						
Deposits	1.106.633.965	461.324.145	-	78.449.260	92.861.490	1.739.268.860
Derivative Financial Liabilities Held for Trading	-	-	-	3.156.119	-	3.156.119
Funds Borrowed	-	-	-	110.206.072	-	110.206.072
Money Markets Borrowing	38.795	20.986.065	-	64.037.829	-	85.062.689
Securities Issued (Net)	-	-	-	27.767.979	-	27.767.979
Provisions	-	9.108.014	-	-	39.630.754	48.738.768
Other Liabilities	-	-	-	-	94.984.674	94.984.674
Shareholders' Equity	-	-	-	-	202.479.863	202.479.863
<b>Total Segment Liabilities</b>	<b>1.106.672.760</b>	<b>491.418.224</b>	<b>-</b>	<b>283.617.259</b>	<b>429.956.781</b>	<b>2.311.665.024</b>

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT  
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**X. EXPLANATIONS ON OPERATING SEGMENTS (Continued)**

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

	Retail Banking	Corporate/ Commercial Banking	Specialized Banking	Treasury/ Investment Banking	Other	Total
<b>Prior Period</b>						
<b>OPERATING INCOME/EXPENSE</b>						
Interest Income	19.848.170	32.488.730	13.153.152	36.263.614	243.894	101.997.560
Interest Expense	25.228.448	11.695.628	-	24.824.294	481.456	62.229.826
<b>Net Interest Income/Expense</b>	<b>(5.380.278)</b>	<b>20.793.102</b>	<b>13.153.152</b>	<b>11.439.320</b>	<b>(237.562)</b>	<b>39.767.734</b>
Net Fees and Commission Income/Expense	3.720.547	3.156.865	190.337	(2.007.086)	390.211	5.450.874
Dividend Income	-	-	-	137.900	-	137.900
Trading Profit/Loss (Net)	-	-	-	(11.043.777)	-	(11.043.777)
<b>Other Operating Income</b>	<b>32.858</b>	<b>250.915</b>	<b>49.585</b>	<b>6.735</b>	<b>4.104.212</b>	<b>4.444.305</b>
Provision for Expected Loss (-)	3.224.479	9.474.116	2.257.548	2	374.146	15.330.291
Other Expenses	4.079.235	94.600	114.590	-	10.224.878	14.513.303
<b>Net Operating Profit/Loss</b>	<b>(8.930.587)</b>	<b>14.632.166</b>	<b>11.020.936</b>	<b>(1.466.910)</b>	<b>(6.342.163)</b>	<b>8.913.442</b>
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	-	-
Tax Provision	-	-	-	-	(2.622.133)	(2.622.133)
<b>Net Profit/Loss</b>	<b>(8.930.587)</b>	<b>14.632.166</b>	<b>11.020.936</b>	<b>(1.466.910)</b>	<b>(8.964.296)</b>	<b>6.291.309</b>
<b>SEGMENT ASSETS</b>						
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	26.659.712	-	26.659.712
Banks and Money Markets	-	-	-	13.277.689	-	13.277.689
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	270.157.157	-	270.157.157
Loans	165.351.499	452.349.808	116.303.978	15.326.235	-	749.331.520
Financial Assets Measured at Amortised Cost (Net)	-	-	-	44.577.797	-	44.577.797
Derivative Financial Assets	-	-	-	12.048.564	-	12.048.564
Associates, Subsidiaries and Entities under Common Control	-	-	-	20.987.890	-	20.987.890
Other Assets	7.334	4.806.870	121.636	200.444.597	28.469.502	233.849.939
<b>Total Segment Assets</b>	<b>165.358.833</b>	<b>457.156.678</b>	<b>116.425.614</b>	<b>603.479.641</b>	<b>28.469.502</b>	<b>1.370.890.268</b>
<b>SEGMENT LIABILITIES</b>						
Deposits	697.033.528	129.831.454	-	55.355.089	66.466.544	948.686.615
Derivative Financial Liabilities Held for Trading	-	-	-	3.590.919	-	3.590.919
Funds Borrowed	-	-	-	59.316.661	-	59.316.661
Money Markets Borrowing	13.812	120.192.120	-	56.493.164	-	176.699.096
Securities Issued (Net)	-	-	-	26.162.041	-	26.162.041
Provisions	-	3.285.225	-	-	5.774.787	9.060.012
Other Liabilities	-	-	-	-	50.275.165	50.275.165
Shareholders' Equity	-	-	-	-	97.099.759	97.099.759
<b>Total Segment Liabilities</b>	<b>697.047.340</b>	<b>253.308.799</b>	<b>-</b>	<b>200.917.874</b>	<b>219.616.255</b>	<b>1.370.890.268</b>

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT  
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**XI. EXPLANATIONS ON THE FAIR VALUE REALIZATION OF FINANCIAL ASSETS AND  
LIABILITIES**

**1. Information Regarding the Fair Value of Financial Assets and Liabilities**

<b>Current Period</b>	<b>Book Value</b>	<b>Fair Value</b>
<b>Financial Assets</b>	<b>1.838.227.206</b>	<b>1.796.546.481</b>
Due from Interbank Money Market	5.380.282	5.359.627
Banks	11.471.432	11.457.816
Financial Assets Measured at Fair Value Through Other Comprehensive Income	395.673.165	395.673.165
Financial Assets Measured at Amortised Cost	159.351.477	184.503.529
Loans	1.266.350.850	1.199.552.344
<b>Financial Liabilities</b>	<b>1.941.595.942</b>	<b>1.807.531.726</b>
Bank Deposits	78.449.260	75.566.145
Other Deposits	1.660.819.600	1.539.509.763
Funds Borrowed from Other Financial Institutions	110.206.072	99.953.061
Issued Marketable Securities	56.717.041	57.098.788
Miscellaneous Payables	35.403.969	35.403.969

<b>Prior Period</b>	<b>Book Value</b>	<b>Fair Value</b>
<b>Financial Assets</b>	<b>1.106.424.155</b>	<b>1.069.235.349</b>
Due from Interbank Money Market	281.931	280.148
Banks	12.997.362	12.993.914
Financial Assets Measured at Fair Value Through Other Comprehensive Income	270.157.157	270.157.157
Financial Assets Measured at Amortised Cost	44.583.816	51.723.967
Loans	778.403.889	734.080.163
<b>Financial Liabilities</b>	<b>1.072.944.882</b>	<b>1.064.412.013</b>
Bank Deposits	55.355.089	55.094.669
Other Deposits	893.331.526	882.364.672
Funds Borrowed from Other Financial Institutions	59.316.661	59.871.440
Issued Marketable Securities	47.589.642	49.729.268
Miscellaneous Payables	17.351.964	17.351.964

In determination of book and fair value of available-for-sale securities, market prices are taken into consideration. If these securities are not traded in an active market, the indicator prices calculated by CBRT are taken into account.

The fair value of held to maturity financial assets is calculated by considering market prices. In cases where these prices cannot be determined, the fair value is assessed on the basis of market prices quoted for securities that have the same attributes in terms of interest, maturity and other terms.

**2. Information on Fair Value Measurements Recognized in the Financial Statement**

According to TFRS 7 “Financial Instruments: Explanations” Standard, the accounts recognized with the fair value in the balance sheet should be presented and classified sequentially in the related notes. Respectively, such financial instruments are classified in three levels representing the importance of the data used during the measurement of fair values. At level one, the financial instruments whose fair values are determined with the recorded prices in the active markets for the assets and liabilities with identical fair values; at level two, the financial instruments whose fair value is based on the directly or indirectly observable market indicators and at level three; the financial instruments whose fair value is not based on the directly or indirectly observable market indicators are considered. The financial instruments which are recognized with their fair values at the Bank’s balance sheet, are presented with respect to such basis of classification in the table below.

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**XI. EXPLANATIONS ON THE FAIR VALUE REALIZATION OF FINANCIAL ASSETS AND  
LIABILITIES (Continued)**

**2. Information on Fair Value Measurements Recognized in the Financial Statement  
(Continued)**

<b>Current Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets at Fair Value Through Profit or (Loss)</b>	<b>356.934</b>	<b>32.937.945</b>	-	<b>33.294.879</b>
Government Debt Securities	19.472	27.871.333	-	27.890.805
Marketable Securities	-	-	-	-
Other Marketable Securities	337.462	5.066.612	-	5.404.074
<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>393.338.985</b>	<b>1.409.681</b>	<b>766.555</b>	<b>395.515.221</b>
Government Debt Securities	393.335.856	-	-	393.335.856
Marketable Securities	3.129	-	766.555	769.684
Other Marketable Securities	-	1.409.681	-	1.409.681
<b>Derivative Financial Assets</b>	-	<b>8.876.687</b>	-	<b>8.876.687</b>
<b>Subsidiaries and Joint Ventures</b>	-	-	<b>42.987.899</b>	<b>42.987.899</b>
<b>Total Assets</b>	<b>393.695.919</b>	<b>43.224.313</b>	<b>43.754.454</b>	<b>480.674.686</b>
Derivative Financial Liabilities	-	3.156.119	-	3.156.119
<b>Total Liabilities</b>	-	<b>3.156.119</b>	-	<b>3.156.119</b>

<b>Prior Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets at Fair Value Through Profit or (Loss)</b>	<b>183.412</b>	<b>26.476.300</b>	-	<b>26.659.712</b>
Government Debt Securities	14.268	23.883.221	-	23.897.489
Marketable Securities	-	-	-	-
Other Marketable Securities	169.144	2.593.079	-	2.762.223
<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>268.634.416</b>	<b>1.175.310</b>	<b>303.025</b>	<b>270.112.751</b>
Government Debt Securities	268.633.444	-	-	268.633.444
Marketable Securities	972	-	303.025	303.997
Other Marketable Securities	-	1.175.310	-	1.175.310
<b>Derivative Financial Assets</b>	-	<b>12.048.564</b>	-	<b>12,048,564</b>
<b>Subsidiaries and Joint Ventures</b>	-	-	<b>20.834.986</b>	<b>20,834,986</b>
<b>Total Assets</b>	<b>268.817.828</b>	<b>39.700.174</b>	<b>21.138.011</b>	<b>329.656.013</b>
Derivative Financial Liabilities	-	3.590.919	-	3.590.919
<b>Total Liabilities</b>	-	<b>3.590.919</b>	-	<b>3,590,919</b>

The movement of financial assets in Level 3 is presented below:

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balances at Beginning of Period</b>	<b>21.138.011</b>	<b>14.399.382</b>
Purchases	3.241.966	867.862
Disposals Through Sale/Redemptions	-	(69.981)
Valuation Effect	19.374.477	5.979.696
Transfers	-	(38.948)
<b>Balances at the End of Period</b>	<b>43.754.454</b>	<b>21.138.011</b>



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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT  
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**XII. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT  
OF OTHER PARTIES**

**1. Transaction, Custody, Management and Consultancy Services of the Bank on behalf of  
Third Parties**

The Bank acts as an intermediary for purchases and sales of government securities on behalf of real persons and corporate, conducts repo transactions, and provides custody services. The bank does not provide consultancy and management services.

**2. Transactions with Other Financial Institutions Under Fiduciary Transaction Agreements  
and Financial Services Rendered to Other Financial Institutions Under the Scope Of  
Fiduciary Transactions and the Effects of Such Services to the Financial Position of the Bank  
or The Group**

The Bank has no fiduciary transactions.

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**SECTION FIVE**

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	4.720.221	10.141.295	2.631.639	5.664.428
Central Bank of the Republic of Türkiye	23.524.801	335.746.356	20.687.772	179.575.342
Other	-	265.670	-	226.805
<b>Total</b>	<b>28.245.022</b>	<b>346.153.321</b>	<b>23.319.411</b>	<b>185.466.575</b>

*Explanation on reserve requirements*

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

Banks establish required reserves at the Central Bank of the Republic of Türkiye for their Turkish Lira and foreign currency liabilities specified in the aforementioned communiqué. Establishment of required reserves begins on Friday, two weeks after the liability calculation date, and lasts for 14 days. Required reserves can be kept in Turkish Lira, USD, EUR and standard gold in accordance with the "Communiqué on Required Reserves" at the Central Bank of the Republic of Türkiye. Required reserve ratios vary according to the maturity structure of the liabilities and are applied between 3% and 8% for Turkish Lira deposits and other liabilities, and between 5% and 26% for foreign currency deposits and other liabilities.

Within the scope of “Communiqué on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts” numbered 2021/14, the conversion rate from foreign currency deposit accounts in US dollars, Euros and British Pounds and participation fund accounts in foreign currency to time deposits and participation accounts in Turkish lira. As of September 2, 2022, it has been decided to apply an annual commission of 5%, up to the amount required to be kept for their liabilities, until the end of 2022, to banks that cannot reach the level of 20% for real person and legal accounts separately. As of the obligation date of September 2, 2022, besides the 5% commission rate applied to foreign currency deposits, a commission application based on the Turkish lira share of the deposit has been introduced. It has been decided to charge a commission of 3% over the required reserve amount (excluding foreign banks) for foreign currency deposit liabilities, excluding banks whose Turkish Lira share is above 50% separately for real and legal persons.

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(Continued)**

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	23.328.884	42.424.961	20.125.127	41.371.285
Unrestricted Time Deposit	-	102.841.750	-	18.403.250
Restricted Time Deposit	-	-	-	682
Other <sup>(1)</sup>	195.917	190.479.645	562.645	119.800.125
<b>Total</b>	<b>23.524.801</b>	<b>335.746.356</b>	<b>20.687.772</b>	<b>179.575.342</b>

<sup>(1)</sup> Includes, required reserves and CBRT blocked electronic money funds amounting TL 17.157 is located. Required reserves amounting to TL 656.479 belonging to foreign branches are also included. TL 7.425.368 is the portion of required reserves held in foreign currency (31 December 2021: Required reserves and blocked electronic money funds of the Central Bank of the Republic of Türkiye amounting to TL 16.046. Required reserves amounting to TL 399.329 for foreign branches are also included. TL 3.731.084 is the portion of required reserves held in foreign currency, which is included in foreign currency required reserves).

**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	-	-
Assets Blocked/Given as Collateral	27.890.664	23.897.387
<b>Total</b>	<b>27.890.664</b>	<b>23.897.387</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	155.217	1.318	805.568	6.458
Swap Transactions	3.089.376	5.539.380	9.632.350	1.531.626
Futures Transactions	276	-	-	-
Options	8.535	82.585	-	72.562
Other	-	-	-	-
<b>Total</b>	<b>3.253.404</b>	<b>5.623.283</b>	<b>10.437.918</b>	<b>1.610.646</b>

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

**4.1. Information on Bank Balances**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	-	140.059	-	156.451
Foreign Banks	505.686	10.825.687	761.150	12.079.761
Foreign Head Office and Branches	-	-	-	-
<b>Total</b>	<b>505.686</b>	<b>10.965.746</b>	<b>761.150</b>	<b>12.236.212</b>

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

**4. Information on Bank Account and Foreign Banks (Continued)**

**4.2. Information on Foreign Bank Accounts**

	Unrestricted Amount		Restricted Amount <sup>(2)</sup>	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	3.101.496	1.491.062	1.559.475	4.953.475
USA, Canada	887.567	685.659	1.473.749	715.740
OECD Countries <sup>(1)</sup>	263.045	181.959	-	-
Off-shore Banking Regions	-	-	-	-
Other	4.025.789	4.681.998	20.252	131.018
<b>Total</b>	<b>8.277.897</b>	<b>7.040.678</b>	<b>3.053.476</b>	<b>5.800.233</b>

<sup>(1)</sup> OECD countries other than EU countries, USA, and Canada.

<sup>(2)</sup> It mainly consists of collateral held in various banks for borrowings.

**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	83.133.879	170.822.248
Assets Blocked/Given as Collateral	101.454.331	52.938.310
<b>Total</b>	<b>184.588.210</b>	<b>223.760.558</b>

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

	Current Period	Prior Period
Debt Securities	413.036.166	283.683.100
Quoted in Stock Exchange	412.230.503	283.103.217
Not Quoted in Stock Exchange	805.663	579.883
Share Certificates	1.030.428	403.034
Quoted in Stock Exchange	3.127	1.130
Not Quoted in Stock Exchange	1.027.301	401.904
Provision for Impairment (-)	18.393.429	13.928.977
<b>Total</b>	<b>395.673.165</b>	<b>270.157.157</b>

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**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. EXPLANATIONS AND NOTES RELATED TO 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	
	Cash	Non-Cash	Cash	Non-Cash
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 <sup>(1)(2)</sup>	1.476.723	-	680.721	-
<b>Total</b>	<b>1.476.723</b>	<b>-</b>	<b>680.721</b>	<b>-</b>

(1) Interest rediscount and interest accrual amounting TL 12.850 are not included (31 December 2021: Interest rediscount and interest accrual amounting TL 6.094 are not included).

(2) Since the balance of overdraft accounts related to employees amounting TL 44.832, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above (31 December 2021: Since the balance of overdraft accounts related to employees amounting TL 32.334, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above).

**7.2. Information About Standard Loans and Loans Under Close Monitoring (First and Second Group Loans) and Loans Under Restructuring**

Current Period	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring	Loans under restructuring	Refinancing
Cash Loans			Loans with revised contract terms	
Non-Specialized Loans	913.250.392	11.492.774	2.975.409	66.134.223
Commercial Loans	581.587.522	7.459.699	2.829.454	66.057.451
Export Loans	66.637.634	551.710	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	15.755.785	-	-	-
Consumer Loans	177.044.650	2.395.648	145.955	75.924
Credit Cards	71.697.802	1.082.951	-	848
Other	526.999	2.766	-	-
Specialized Lending <sup>(1)</sup>	228.426.244	2.147.318	36.231	873.521
Other Receivables	-	-	-	-
Interest Income Accruals	24.341.159	357.784	65.246	2.549.658
<b>Total</b>	<b>1.166.017.795</b>	<b>13.997.876</b>	<b>3.076.886</b>	<b>69.557.402</b>

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

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

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

**7.2. Information About Standard Loans and Under Close Monitoring (First and Second Group Loans) and Loans Under Restructuring (Continued)**

Prior Period	Standard Loans	Loans Under Close Monitoring			
		Not Under the Scope of Restructuring	Loans Under Restructuring		
			Loans with revised contract terms	Refinancing	
Cash Loans					
Non-Specialized Loans	566.176.396	21.827.316	1.060.894	46.423.145	
Commercial Loans	377.447.969	13.878.516	843.686	46.271.295	
Export Loans	8.496.269	181.335	-	-	
Import Loans	-	-	-	-	
Loans Given to Financial Sector	6.648.631	-	-	-	
Consumer Loans	139.705.521	5.242.855	217.208	150.676	
Credit Cards	31.310.393	2.369.584	-	1.174	
Other	2.567.613	155.026	-	-	
Specialized Lending <sup>(1)</sup>	104.062.560	3.789.550	38.766	1.269.130	
Other Receivables	-	-	-	-	
Interest Income Accruals	13.081.851	816.949	38.443	4.678.258	
<b>Total</b>	<b>683.320.807</b>	<b>26.433.815</b>	<b>1.138.103</b>	<b>52.370.533</b>	

<sup>(1)</sup> Agricultural loans to support farmers are shown in specialized loans.

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	7.710.927	-	2.159.100	-
Significant Increase in Credit Risk	-	28.625.013	-	14.764.508

**7.3. Loans According to Maturity Structure**

Current Period	Standard Loans	Loans under Close Monitoring	
		Loans Not Subject to Restructuring	Loans Under Restructuring
Short-term Loans	396.543.741	5.047.733	6.985.431
Medium and Long-term Loans	745.132.895	8.592.359	63.33.953

<sup>(\*)</sup> Accruals are not included in the table.

Prior Period	Standard Loans	Loans under Close Monitoring	
		Loans Not Subject to Restructuring	Loans Under Restructuring
Short-term Loans	162.117.087	8.598.550	4.178.214
Medium and Long-term Loans	508.121.869	17.018.316	44.613.721

<sup>(\*)</sup> Accruals are not included in the table.

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

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

**7.4. Information on Consumer Loans, Individual Credit Cards, Personnel Loans and Personnel Credit Cards**

<b>Current Period</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
Consumer Loans-TL	3.292.146	172.758.145	176.050.291
Mortgage Loans	18.499	112.301.081	112.319.580
Automotive Loans	96.909	7.747.143	7.844.052
Consumer Loans	3.176.738	52.709.921	55.886.659
Other	-	-	-
Consumer Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	3.184	162.020	165.204
Mortgage Loans	-	14.485	14.485
Automotive Loans	-	-	-
Consumer Loans	3.184	147.535	150.719
Other	-	-	-
Retail Credit Cards-TL	31.231.156	442.363	31.673.519
With Installment	11.907.800	390.426	12.298.226
Without Installment	19.323.356	51.937	19.375.293
Retail Credit Cards-FC	4.285	-	4.285
With Installment	-	-	-
Without Installment	4.285	-	4.285
Personnel Loans-TL	54.329	850.107	904.436
Mortgage Loans	-	242	242
Automotive Loans	-	-	-
Consumer Loans	54.329	849.865	904.194
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	562.180	9.753	571.933
With Installment	228.405	9.753	238.158
Without Installment	333.775	-	333.775
Personnel Credit Cards-FC	354	-	354
With Installment	-	-	-
Without Installment	354	-	354
Overdraft Accounts-TL (Real Person)	2.542.246	-	2.542.246
Overdraft Accounts-FC (Real Person)	-	-	-
<b>Total <sup>(1)</sup></b>	<b>37.689.880</b>	<b>174.222.388</b>	<b>211.912.268</b>

<sup>(1)</sup>TL 1.852.609 amounting of interest income rediscount and accrual is not included.

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

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

**7.4. Information on Consumer Loans, Individual Credit Cards, Personnel Loans and Personnel  
Credit Cards (Continued)**

<b>Prior Period</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
Consumer Loans-TL	1.160.323	141.206.544	142.366.867
Mortgage Loans <sup>(2)</sup>	11.624	85.779.706	85.791.330
Automotive Loans	7.212	666.168	673.380
Consumer Loans <sup>(2)</sup>	1.141.487	54.760.670	55.902.157
Other	-	-	-
Consumer Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	2.044	113.465	115.509
Mortgage Loans	-	11.511	11.511
Automotive Loans	-	-	-
Consumer Loans	2.044	101.954	103.998
Other	-	-	-
Retail Credit Cards-TL	17.032.219	219.848	17.252.067
With Installment	4.840.781	196.427	5.037.208
Without Installment	12.191.438	23.421	12.214.859
Retail Credit Cards-FC	1.415	-	1.415
With Installment	-	-	-
Without Installment	1.415	-	1.415
Personnel Loans-TL	20.826	425.907	446.733
Mortgage Loans	-	74	74
Automotive Loans	-	-	-
Consumer Loans	20.826	425.833	446.659
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	226.732	7.216	233.948
With Installment	61.138	6.537	67.675
Without Installment	165.594	679	166.273
Personnel Credit Cards-FC	40	-	40
With Installment	-	-	-
Without Installment	40	-	40
Overdraft Accounts-TL (Real Person)	2.387.151	-	2.387.151
Overdraft Accounts-FC (Real Person)	-	-	-
<b>Total <sup>(1)</sup></b>	<b>20.830.750</b>	<b>141.972.980</b>	<b>162.803.730</b>

<sup>(1)</sup> TL 1.202.131 amounting of interest income rediscount and accrual is not included.



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

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

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

<b>Current Period</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
Installment Based Commercial Loans-TL	4.083.052	67.901.923	71.984.975
Mortgage Loans	9.650	1.122.055	1.131.705
Automotive Loans	143.109	3.135.466	3.278.575
Consumer Loans	3.930.293	63.644.402	67.574.695
Other	-	-	-
Installment Based Commercial Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Installment Based Commercial Loans - FC	77.099	88.332.897	88.409.996
Mortgage Loans	-	5.108	5.108
Automotive Loans	-	2.842	2.842
Consumer Loans	77.099	88.324.947	88.402.046
Other	-	-	-
Corporate Credit Cards-TL	38.094.333	2.434.194	40.528.527
With Installment	18.027.575	2.431.070	20.458.645
Without Installment	20.066.758	3.124	20.069.882
Corporate Credit Cards-FC	2.983	-	2.983
With Installment	-	-	-
Without Installment	2.983	-	2.983
Overdraft Account-TL (Legal Entity)	3.939.794	-	3.939.794
Overdraft Account-FC (Legal Entity)	-	-	-
<b>Total <sup>(1)</sup></b>	<b>46.197.261</b>	<b>158.669.014</b>	<b>204.866.275</b>

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

<b>Prior Period</b>	<b>Short - Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
Installment Based Commercial Loans-TL	3.636.789	88.457.130	92.093.919
Mortgage Loans	3.577	812.938	816.515
Automotive Loans	128.475	2.621.274	2.749.749
Consumer Loans	3.504.737	85.022.918	88.527.655
Other	-	-	-
Installment Based Commercial Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Installment Based Commercial Loans - FC	126.647	70.121.314	70.247.961
Mortgage Loans	-	6.864	6.864
Automotive Loans	-	1.582	1.582
Consumer Loans	126.647	70.112.868	70.239.515
Other	-	-	-
Corporate Credit Cards-TL	15.944.209	247.639	16.191.848
With Installment	7.042.609	247.539	7.290.148
Without Installment	8.901.600	100	8.901.700
Corporate Credit Cards-FC	1.833	-	1.833
With Installment	-	-	-
Without Installment	1.833	-	1.833
Overdraft Account-TL (Legal Entity)	1.463.188	-	1.463.188
Overdraft Account-FC (Legal Entity)	-	-	-
<b>Total <sup>(1)</sup></b>	<b>21.172.666</b>	<b>158.826.083</b>	<b>179.998.749</b>

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

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

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

**7.6. Loans According to Types of Borrowers**

	<b>Current Period</b>	<b>Prior Period</b>
Public	58.095.201	7.936.283
Private	1.167.240.911	736.711.474
Interest Income Accruals of Loans	27.313.847	18.615.501
<b>Total</b>	<b>1.252.649.959</b>	<b>763.263.258</b>

**7.7 Distribution of Domestic and Foreign Loans**

	<b>Current Period</b>	<b>Prior Period</b>
Domestic Loans	1.214.493.519	736.873.161
Foreign Loans	10.842.593	7.774.596
Interest Income Accruals of Loans	27.313.847	18.615.501
<b>Total</b>	<b>1.252.649.959</b>	<b>763.263.258</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Direct loans granted to subsidiaries and associates	5.664.719	4.147.452
Indirect loans granted to subsidiaries and associates	-	-
<b>Total</b>	<b>5.664.719</b>	<b>4.147.452</b>

**7.9. Credit-Impaired Losses (Stage III)**

	<b>Current Period</b>	<b>Prior Period</b>
Loans and other receivables with limited collectability	748.202	352.969
Loans and other receivables with doubtful collectability	525.534	758.849
Uncollectible loans and other receivables	10.345.961	11.036.943
<b>Total</b>	<b>11.619.697</b>	<b>12.148.761</b>

**7.10. Information on Non-performing Loans (Net)**

**7.10.1. Information on Non-performing Loans Restructured or Rescheduled and other Receivables**

	<b>Group III Loans with limited collectability</b>	<b>Group IV Loans with doubtful collectability</b>	<b>Group V Uncollectible loans</b>
<b>Current Period</b>			
Gross amounts before the provisions	39.880	150.689	1.266.024
Restructured loans	39.880	150.689	1.266.024
<b>Prior Period</b>			
Gross amounts before the provisions	176.132	282.169	1.629.295
Restructured loans	176.132	282.169	1.629.295

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(Continued)**

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

**7.10. Information on Non-performing Loans (Net) (Continued)**

**7.10.2. Information on the Movement of Total Non-performing Loans**

	<b>Group III Loans with limited collectibility</b>	<b>Group IV Loans with doubtful collectibility</b>	<b>Group V Uncollectible loans</b>
<b>Prior Period Ending Balance</b>	<b>997.656</b>	<b>1.688.208</b>	<b>12.454.767</b>
Additions (+)	3.788.740	258.443	556.742
Transfers from Other Categories of Loans under Follow-Up (+)	-	2.592.786	2.667.228
Transfers to Other Categories of Loans under Follow-Up (-)	2.592.786	2.667.228	-
Collections (-) <sup>(1)</sup>	1.151.212	842.822	4.049.631
Write-offs (-)	-	-	-
Sold	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Current Period End Balance</b>	<b>1.042.398</b>	<b>1.029.387</b>	<b>11.629.106</b>
Provision (-)	748.202	525.534	10.345.961
<b>Net Balance on Balance Sheet</b>	<b>294.196</b>	<b>503.853</b>	<b>1.283.145</b>

<sup>(1)</sup> It includes transfers to first and second group loans amounting to TL 1.037.119

**7.10.3. Information on Non-performing Loans Granted as Foreign Currency Loans**

	<b>Group III Loans with limited collectibility</b>	<b>Group IV Loans with doubtful collectibility</b>	<b>Group V Uncollectible loans</b>
<b>Current Period:</b>			
<b>Period Ending Balance</b>	<b>92.929</b>	<b>147.575</b>	<b>2.566.709</b>
Provision (-)	92.721	80.440	2.536.973
<b>Net Balance on Balance Sheet</b>	<b>208</b>	<b>67.135</b>	<b>29.736</b>
<b>Prior Period:</b>			
<b>Period Ending Balance</b>	<b>11.725</b>	<b>17.074</b>	<b>3.105.191</b>
Provision (-)	4.494	10.376	3.027.593
<b>Net Balance on Balance Sheet</b>	<b>7.231</b>	<b>6.698</b>	<b>77.598</b>

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(Continued)**

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

**7.10. Information on Non-performing Loans (Net)(Continued)**

**7.10.4. Information on Gross and Net Loans Under Follow-up According to Borrowers**

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans with limited collectibility</b>	<b>Loans with doubtful collectibility</b>	<b>Uncollectible loans</b>
<b>Current Period (Net)</b>	<b>294.196</b>	<b>503.853</b>	<b>1.283.145</b>
Loans to Real Persons and Legal Entities (Gross)	1.042.398	1.029.387	11.468.806
Provisions (-)	748.202	525.534	10.185.661
Loans to Real Persons and Legal Entities (Net)	294.196	503.853	1.283.145
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	160.300
Provisions (-)	-	-	160.300
Other Loans and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>644.687</b>	<b>929.359</b>	<b>1.417.824</b>
Loans to Real Persons and Legal Entities (Gross)	997.656	1.688.208	12.298.052
Provisions (-)	352.969	758.849	10.880.228
Loans to Real Persons and Legal Entities (Net)	644.687	929.359	1.417.824
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	156.715
Provisions (-)	-	-	156.715
Other Loans and Receivables (Net)	-	-	-

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans with limited collectibility</b>	<b>Loans with doubtful collectibility</b>	<b>Uncollectible loans</b>
<b>Current Period (Net)</b>	<b>12.600</b>	<b>16.719</b>	<b>51.738</b>
Interest Accruals and Valuation Differences	63.027	41.547	610.448
Provisions (-)	50.427	24.828	558.710
<b>Prior Period (Net)</b>	<b>24.345</b>	<b>41.925</b>	<b>71.583</b>
Interest Accruals and Valuation Differences	41.171	81.810	660.824
Provisions (-)	16.826	39.885	589.241

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

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

**7.11. Information on Expected Credit Loss**

<b>Current Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Balance at the Beginning of the Period</b>	<b>2.159.100</b>	<b>14.764.508</b>	<b>12.148.761</b>	<b>29.072.369</b>
Additions during the Period	5.493.430	13.881.495	1.661.104	21.036.029
Disposals (-)	(68.563)	(667.060)	(1.417.138)	(2.152.761)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	-	-
Transfer to Stage1	380.410	(156.483)	(223.927)	-
Transfer to Stage 2	(224.958)	853.302	(628.344)	-
Transfer to Stage 3	(28.492)	(50.749)	79.241	-
<b>Balances at End of Period</b>	<b>7.710.927</b>	<b>28.625.013</b>	<b>11.619.697</b>	<b>47.955.637</b>

<b>Prior Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Balance at the Beginning of the Period</b>	<b>2.526.931</b>	<b>5.961.551</b>	<b>10.264.236</b>	<b>18.752.718</b>
Additions during the Period	112.369	8.716.458	2.792.329	11.621.156
Disposals (-) <sup>(*)</sup>	(349.530)	(208.420)	(743.555)	(1.301.505)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	-	-
Transfer to Stage1	281.528	(55.399)	(226.129)	-
Transfer to Stage 2	(338.364)	504.103	(165.739)	-
Transfer to Stage 3	(73.834)	(153.785)	227.619	-
<b>Balances at End of Period</b>	<b>2.159.100</b>	<b>14.764.508</b>	<b>12.148.761</b>	<b>29.072.369</b>

<sup>(\*)</sup> It includes the provision cancellation of the loan amounting to USD 1.155 million collected during monitoring in the second stage. The amount related to the portion of the provision set aside in previous years has been accounted for in the “Other Operating Income” item, and the amount related to the portion set aside in the current year has been accounted for under the “Expected Loss Provisions Expenses” item.

**7.12. Information on Liquidating Policy of Uncollectible Loans and Other Receivables**

Execution proceedings are carried out for the collection of receivables from loan services of the Bank’s. During this process, tangible guarantees constituting guarantees of receivables of the Bank and assets of the debtor(s) are realized while receivables of the Bank are also tried to be collected and liquidated by means of administrative procedures. Transactions are performed within the context of legislation agreement, which ensures the collection of receivables through administrative channels. When the debtor offers exceed authorizations transferred to the Branch/Regional Management or includes matters outside the scope of current legislation agreements and the Branch/Regional Management submit favorable opinion to the Head Office regarding this issue, receivables should be restructured on a company/debtor basis in accordance with the decisions made by the related authorities.

**7.13. Explanations on Write-Off Policy**

The Bank writes off the receivables from its records with the actualized circumstances of deaths of the debtor and/or the related people, refusals of the heritage by the heritors within the legal time limits, becoming legally and effectively impossible of the collection of the receivable, and the given financial accountability decision on the related personnel of the considered receivable.

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(Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

8. Other Financial Assets Measured at Amortized Cost

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	16.898.737	5.705.067	1.390.806	3.209.928
Treasury Bills	-	-	-	-
Other Government Debts	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>16.898.737</b>	<b>5.705.067</b>	<b>1.390.806</b>	<b>3.209.928</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	1.107.792	-	-	-
Bonds and Similar Investment Securities	57.126.063	36.259.758	607.105	25.626.356
Other	-	-	-	-
<b>Total</b>	<b>58.233.855</b>	<b>36.259.758</b>	<b>607.105</b>	<b>25.626.356</b>

8.2. Information on Government Debt Securities at Amortized Cost

	Current Period	Prior Period
Government Bonds	152.996.336	43.952.455
Treasury Bills	1.107.792	-
Other Public Sector Debt Securities	1.068.417	290.413
<b>Total</b>	<b>155.172.545</b>	<b>44.242.868</b>

8.3. Information on Financial Assets Measured at Amortized Cost

	Current Period	Prior Period
Debt securities	159.351.477	44.583.816
Quoted at Stock Exchange	155.172.545	44.242.868
Unquoted at Stock Exchange	4.178.932	340.948
Provision for Impairment (-)	-	-
<b>Total</b>	<b>159.351.477</b>	<b>44.583.816</b>

8.4. The Movements of Financial Assets Measured at Amortized Cost

	Current Period	Prior Period
<b>Beginning Balance</b>	<b>44.583.816</b>	<b>29.686.696</b>
Foreign Currency Differences on Monetary Assets	10.860.407	10.816.560
Purchases During the Year <sup>(1)</sup>	105.683.154	6.870.391
Disposals through Sales and Redemptions	(1.775.900)	(2.789.831)
Provision for Impairment (-)	-	-
<b>Period End Balance</b>	<b>159.351.477</b>	<b>44.583.816</b>

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

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**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**9. Information on Investments in Associates (Net)**

**9.1. Information about Investment in Associates**

	Description	Address (City/ Country)	The Bank's Share Percentage, if Different, Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Arap Türk Bankası A.Ş.	İstanbul/Türkiye	15,43	15,43
2	Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.	İstanbul/Türkiye	33,34	33,34

	Total Assets <sup>(1)</sup>	Shareholders' Equity <sup>(1)</sup>	Total Non-Current Assets <sup>(1)(2)</sup>	Interest Income <sup>(1)</sup>	Income from Marketable Securities <sup>(1)</sup>	Current Period Profit / Loss <sup>(1)</sup>	Prior Period Profit / Loss <sup>(1)</sup>	Fair Value
1	11.442.014	1.832.553	555.819	418.239	223.101	213.492	160.336	-
2	427.052	333.016	107.306	37.667	-	(18.467)	(3.291)	-

(1) Current period financial information has been provided from unaudited financial statements as of 31 December 2022. Prior period profit/loss information has been provided from audited financial statements as of 31 December 2021.

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

(3) The share transfer agreement for the sale of the Bank's shares in Platform Ortak Kartlı Sistemler A.Ş., which was previously a subsidiary, to Türkiye Halk Bankası A.Ş. was signed on 21.06.2022 and all of the participation shares were transferred to Türkiye Halk Bankası A.Ş. has taken over.

**9.2. Information on Financial Associates**

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>88.846</b>	<b>88.846</b>
<b>Movement During the Period</b>	-	-
Additions	-	-
Bonus Share Certificates	-	-
Shares of Current Year Profits	-	-
Transfer (-)	-	-
Sales	-	-
Revaluation Increase	-	-
Revaluation/Impairment	-	-
<b>Balance at the End of the Period</b>	<b>88.846</b>	<b>88.846</b>
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(\*) The total of our non-financial associates is 128.021 TL. (31.12.2021: 64.058)

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

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

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

None (31 December 2021: None).

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

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

**10.1. Information on Subsidiaries**

Financial subsidiaries are followed in the unconsolidated financial statements at fair value within the scope of "Separate Financial Statements Türkiye Accounting Standard 27 (TAS 27)" in accordance with IFRS 9 Financial Instruments. Fair values were determined with the valuation reports prepared for these partnerships 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 / Türkiye	99,60	99,60
2	Ziraat Portföy Yönetimi A.Ş.	Istanbul / Türkiye	74,90	99,80
3	Ziraat Katılım Bankası A.Ş.	Istanbul / Türkiye	100,00	100,00
4	Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	Istanbul / Türkiye	81,06	81,06
5	Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Istanbul / Türkiye	100,00	100,00
6	Ziraat Teknoloji A.Ş.	Istanbul / Türkiye	100,00	100,00
7	Ziraat Finansal Teknolojiler Elektronik Para ve Ödeme Hizmetleri A.Ş. A.Ş. <sup>(1)</sup>	Istanbul / Türkiye	100,00	100,00
8	Ziraat Bank International A.G.	Frankfurt / Germany	100,00	100,00
9	Ziraat Bank BH d.d.	Sarajevo / Bosnia Herzegovina	100,00	100,00
10	Ziraat Bank (Moscow) JSC	Moscow / Russia	99,91	100,00
11	Kazakhstan Ziraat Int. Bank	Almaty / Kazakhstan	99,92	99,92
12	Ziraat Bank Azerbaycan ASC	Baku / Azerbaijan	99,98	100,00
13	Ziraat Bank Montenegro AD	Podgorica / Montenegro	100,00	100,00
14	JSC Ziraat Bank Georgia	Tiflis / Georgia	100,00	100,00
15	Ziraat Bank Uzbekistan JSC	Tashkent / Uzbekistan	100,00	100,00

<sup>(1)</sup> The current paid-in capital of the Company, which was established with a capital of TL 200.000 in accordance with the decision of the Bank's Board of Directors dated 12.05.2022 and numbered 13/21, to operate in the field of Electronic Money and Payment Services is TL 50.000. The company, which was registered and announced on 23.08.2022, will start operating after the permission of the TCMB.

	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	2.199.603	1.239.093	5.270	342.577	-	737.773	368.107	2.019.128	-
2	433.740	368.028	8.769	35.427	-	185.324	76.170	392.794	-
3	212.356.923	11.378.445	937.396	20.231.260	4.848.469	3.840.272	558.689	8.820.209	-
4	20.662.426	19.399.779	19.811.521	27.611	-	10.945.313	1.320.242	21.486.762	-
5	2.226.444	2.224.779	667	61.747	-	1.147.021	94.360	2.220.443	-
6	227.126	61.733	26.560	2.458	45	42.177	1.704	84.959	-
7	50.000	50.000	-	-	-	-	-	-	-
8	18.461.518	6.059.454	71.888	502.785	7.241	534	122.424	2.464.601	-
9	13.020.442	1.653.056	106.106	241.108	-	31.973	10.962	529.278	-
10	3.097.061	1.121.145	45.097	204.377	1.168	133.455	53.365	785.393	-
11	6.725.546	2.350.069	495.018	323.693	-	(387.925)	56.483	1.847.545	-
12	5.732.518	1.094.215	257.781	226.946	15.253	55.395	37.582	412.793	-
13	1.602.266	331.801	15.049	39.307	9.154	155	(30.082)	238.006	-
14	1.394.888	460.923	45.849	63.398	627	36.931	7.311	282.825	-
15	3.431.045	690.943	80.512	161.362	6.772	108.789	38.731	446.260	-

<sup>(1)</sup> The amounts shown in the interest income column of Ziraat Katılım Bankası A.Ş. include profit share income.

<sup>(2)</sup> The current period financial statement information of the subsidiaries is taken from the unaudited financial statements dated 31 December 2022 and the profit/loss figures for the previous period are taken from the unaudited financial statements dated 31 December 2021.



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

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

**10.1. Information on Subsidiaries (Continued)**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance at the Beginning of the Period</b>	<b>20.558.487</b>	<b>13.901.878</b>
<b>Movements During the Period</b>	<b>21.387.548</b>	<b>6.656.609</b>
Additions to Scope of Consolidation	-	-
Purchases	3.249.300	767.894
Bonus Shares Obtained	86.121	99.967
Dividends from current year income	-	-
Sales	-	-
Revaluation Increase <sup>(1)</sup>	22.601.876	7.476.690
Impairment Provision (-)	4.549.749	1.687.942
Transfer (-)	-	-
<b>Balance at the End of the Period<sup>(2)</sup></b>	<b>41.946.035</b>	<b>20.558.487</b>
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

<sup>(1)</sup> Includes changes arising from conversion of subsidiaries, whose capitals are paid in Euro amounts, into TL at period end currency rate

<sup>(2)</sup> Non-financial subsidiaries amounting to TL 134.959 are not included in the table. (31.12.2021: Non-financial subsidiaries amounting to TL 51.826 are not included in the table.)

**10.2. Sectoral Information on Financial Subsidiaries and the Related Carrying Amounts**

	<b>Current Period</b>	<b>Prior Period</b>
Banks	15.826.908	8.567.353
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	26.119.127	11.991.134

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

	<b>Current Period</b>	<b>Prior Period</b>
Quoted at domestic stock exchanges	21.486.762	9.280.885
Quoted at international stock exchanges	-	-

**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 Türkiye Accounting Standard 27 (TAS 27)" according to TFRS 9 Financial Instruments Standard. The fair values were determined with the valuation reports prepared for these joint ventures and were accounted under equity as of the valuation date.

<b>Entities under Common Control (Joint Ventures) <sup>(1)</sup></b>	<b>Bank's Share (%)</b>	<b>Bank's Risk Group Share (%)</b>	<b>Current Assets</b>	<b>Non-Current Assets</b>	<b>Long Term Liabilities</b>	<b>Income</b>	<b>Expense</b>
Turkmen Turkish Joint Stock Commercial Bank	50,00	50,00	13.083.701	67.409	15.326	622.741	269.012

<sup>(1)</sup> Information on entity under joint control is provided from the unaudited financial statements as of 31 December 2022.

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**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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**I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)**

**12. Information on Lease Receivables**

The Bank has no financial lease receivables.

**13. Information on Derivative Financial Assets for Hedging Purposes**

The Bank 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"**

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

The total of the partnership shares acquired by the Bank due to its receivables is TL 415.578 (31 December 2021: TL 181.483). To be TL 12.446 (31 December 2021: TL 7.334) due to the personal receivables of the Bank, TL 4.980.515 (31 December 2021: TL 4.806.870) due to the trade receivables and TL 98.632 (31 December 2021: TL 121.636) due to the agricultural receivables. The total of the real estates acquired for the purpose of receivables is TL 5.091.593 and the total of other real estates held for sale is TL 1.325.408 (31 December 2021: TL 4.935.840), and the total of the movables acquired due to receivables is TL 21.287. (31 December 2021: TL 1.609). The net book value of the Bank's fixed assets held for sale acquired through fiduciary rights is TL 2.310.546 (31 December 2021: TL 1.551.212).

**16. Explanations on Tangible Assets**

	Immovables	Immovables with Right of Use	Movables	Movables with Right of Use	Leasing Development Costs	Other Tangibles	Total
<b>Prior Period End</b>							
Cost	6.250.005	834.218	1.828.003	218.638	275.752	-	9.406.616
Accumulated Depreciation (-)	931.843	170.075	1.238.517	143.533	265.533	-	2.749.501
Impairment (-)	2.323	-	-	-	-	-	2.323
<b>Net Book Value</b>	<b>5.315.839</b>	<b>664.143</b>	<b>589.486</b>	<b>75.105</b>	<b>10.219</b>	<b>-</b>	<b>6.654.792</b>
<b>Current Period End</b>							
Net Book Value at the Beginning of the Period	5.315.839	664.143	589.486	75.105	10.219	-	6.654.792
Change During the Period (Net)	8.494.357	462.641	478.724	132.495	50	-	9.568.267
-Cost	(104.009)	434.794	895.214	168.161	2.272	-	1.396.432
-Revaluation Differences	9.882.637	-	-	-	-	-	9.882.637
-Transfers (-)	1.325.408	-	-	-	-	-	1.325.408
- Depreciation (Net) (-)	(38.892)	(27.847)	416.490	35.666	2.222	-	387.639
- Impairment (-)	(2.245)	-	-	-	-	-	(2.245)
Net Currency Translation from Foreign Subsidiaries	-	-	-	-	-	-	-
Cost at Period End	14.703.225	1.269.012	2.723.217	386.799	278.024	-	19.360.277
Accumulated Depreciation at Period End (-)	892.951	142.228	1.655.007	179.199	267.755	-	3.137.140
Impairment (-)	78	-	-	-	-	-	78
<b>Closing Net Book Value</b>	<b>13.810.196</b>	<b>1.126.784</b>	<b>1.068.210</b>	<b>207.600</b>	<b>10.269</b>	<b>-</b>	<b>16.223.059</b>

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

**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. Explanations on Intangible Assets**

	Current Period			Prior Period		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Establishment Costs	6.874	6.874	-	5.088	5.088	-
Goodwill	-	-	-	-	-	-
Intangible Rights	3.208.972	936.371	2.272.601	2.045.998	680.903	1.365.095
<b>Total</b>	<b>3.215.846</b>	<b>943.245</b>	<b>2.272.601</b>	<b>2.051.086</b>	<b>685.991</b>	<b>1.365.095</b>

**Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements:**

None.

**Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition:**

None.

**The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition:**

None.

**The book value of intangible fixed assets that are pledged or restricted for use:**

None.

**Amount of purchase commitments for intangible fixed assets:**

None.

**Information on revalued intangible assets according to their types:**

None.

**Amount of total research and development expenses recorded in income statement within the period if any:**

None.

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

**19. Explanations on Intangible Assets (Continued)**

**Positive or negative consolidation goodwill on entity basis:**

Not applicable for the unconsolidated financial statements.

**Information on Goodwill:**

None.

**20. Information on Deferred Tax Asset**

None (31 December 2021: TL 1.519.079).

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

	<b>Current Period</b>	<b>Prior Period</b>
Cash and Balances at Central Bank	3.958	2.253
Banks and Receivables from Money Markets	1.783	1.604
Financial Assets Measured at Amortized Cost	21.499	6.019
Other assets	76.006	39.431
<b>Total</b>	<b>103.246</b>	<b>49.307</b>

**22. Information on Other Assets**

As of 31 December 2022 and 31 December 2021, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

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**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES**

**1. Information on Deposits/Funds Collected**

**1.1. Information on Maturity Structure of Deposits**

Current Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits <sup>(*)</sup>	128.264.260	-	17.521.519	222.771.598	19.102.610	8.532.376	19.995.801	148.528	416.336.692
Foreign Currency Deposits	258.588.422	-	141.626.859	175.601.183	28.186.122	22.282.870	63.997.018	14.799	690.297.273
Residents in Türkiye	204.853.054	-	137.470.201	150.336.995	18.784.624	11.236.616	28.241.731	12.343	550.935.564
Residents on Abroad	53.735.368	-	4.156.658	25.264.188	9.401.498	11.046.254	35.755.287	2.456	139.361.709
Public Sector Deposits	19.931.009	-	101.367.318	10.148.460	797.037	727.651	7.615	-	132.979.090
Commercial Inst. Deposits	76.001.456	-	101.681.473	92.964.817	4.251.238	18.892.065	2.110.247	-	295.901.296
Other Inst. Deposits	5.337.693	-	5.502.521	17.896.309	3.320.224	67.784	319.228	-	32.443.759
Precious Metals Deposit	78.364.129	-	1.890.618	10.529.097	983.185	523.067	571.394	-	92.861.490
Interbank Deposits	8.296.037	-	42.960.484	8.245.071	-	18.488.125	459.543	-	78.449.260
The CBRT	2.711.406	-	-	-	-	-	-	-	2.711.406
Domestic Banks	375.551	-	39.786.877	-	-	-	402.578	-	40.565.006
Foreign Banks	2.394.674	-	312.061	8.245.071	-	18.488.125	56.965	-	29.496.896
Participation Banks	2.814.406	-	2.861.546	-	-	-	-	-	5.675.952
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>574.783.006</b>	<b>-</b>	<b>412.550.792</b>	<b>538.156.535</b>	<b>56.640.416</b>	<b>69.513.938</b>	<b>87.460.846</b>	<b>163.327</b>	<b>1.739.268.860</b>

<sup>(\*)</sup> As of 31 December 2022, the balance of the deposit includes the amount of TL 83.323.364 Treasury Currency Protected Deposit, TL 83.778.421 CBRT Currency Protected Deposit and TL 16.200.004 YUVAM Account Deposit.

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	69.081.481	-	12.341.347	106.372.892	23.985.121	2.673.848	7.565.839	181.935	222.202.463
Foreign Currency Deposits	173.028.421	-	49.157.167	160.231.048	25.048.802	15.563.665	51.786.493	15.469	474.831.065
Residents in Türkiye	145.652.163	-	47.805.777	140.021.008	17.513.749	7.925.055	23.353.389	13.806	382.284.947
Residents on Abroad	27.376.258	-	1.351.390	20.210.040	7.535.053	7.638.610	28.433.104	1.663	92.546.118
Public Sector Deposits	13.981.623	-	8.730.365	7.609.837	788.442	381.429	12.929	-	31.504.625
Commercial Inst. Deposits	23.812.359	-	31.349.097	15.987.692	625.219	2.164.146	956.357	-	74.894.870
Other Inst. Deposits	2.774.107	-	7.880.478	10.860.196	1.161.427	442.151	313.600	-	23.431.959
Precious Metals Deposit	54.301.706	-	1.279.645	9.197.319	770.292	469.926	447.656	-	66.466.544
Interbank Deposits	3.708.562	-	29.940.583	5.466.808	26.430	9.629.879	6.582.827	-	55.355.089
The CBRT	349.015	-	-	-	-	-	-	-	349.015
Domestic Banks	289.262	-	28.744.372	310.661	-	-	2.662.812	-	32.007.107
Foreign Banks	2.285.699	-	113.667	5.156.147	26.430	9.629.879	3.920.015	-	21.131.837
Participation Banks	784.586	-	1.082.544	-	-	-	-	-	1.867.130
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>340.688.259</b>	<b>-</b>	<b>140.678.682</b>	<b>315.725.792</b>	<b>52.405.733</b>	<b>31.325.044</b>	<b>67.665.701</b>	<b>197.404</b>	<b>948.686.615</b>

<sup>(\*)</sup> As of 31 December 2021, the balance of the deposit includes the amount of TL 13.001.011 Treasury Currency Protected Deposit and TL 2.696.662 CBRT Currency Protected Deposit products.

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

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

**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
<b>Saving Deposits</b>				
Saving Deposits <sup>(1)</sup>	217.359.340	136.169.941	197.898.374	85.235.756
Foreign Currency Saving Deposits <sup>(1)</sup>	158.452.416	119.403.684	344.415.016	258.417.350
Other Deposits in the form of Saving Deposits	-	-	-	-
Foreign Branche’s Deposits under the Guarantees of Foreign Authority Insurance <sup>(2)</sup>	5.057.008	3.353.517	2.838.629	1.629.055
Off-Shore Banking Regions’ and under Foreign Authorities’ Insurance	-	-	-	-

<sup>(1)</sup> Related deposit balances do not include foreign branches.

<sup>(2)</sup> 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 2.643.374 and TL 35.817 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2021: TL 1.208.852 and TL 34.311).

In accordance with the Regulation on the Amendment of the Regulation on Deposits and Participation Funds Subject to Insurance and Premiums to be Collected by the Savings Deposit Insurance Fund, published in the Official Gazette dated 27 August 2022 and numbered 31936, all official institutions in the presence of credit institutions, except those belonging to credit institutions and financial institutions. deposits and participation funds are included in the scope of insurance. In line with this change, commercial deposits amounting to TL 26.393.503 covered by insurance are not included in the table. The portion of the said deposits exceeding the insurance limit is TL 699.147.186.

Based on the Council of Minister’s decree dated 29 December 2003 and numbered 2003/6668, TL 434 (31 December 2021: TL 479) 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.

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

The Bank’s head office is located in Türkiye.

**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	12.805	12.236
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	51.853	30.545
Deposits Obtained through Illegal Acts Defined in the 282 <sup>nd</sup> Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004	-	-
Saving Deposits in Banks Established in Türkiye Exclusively for Off-Shore Banking Activities	-	-

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	12.129	1.290	798.079	6.271
Swap Transactions	218.585	2.834.279	404.820	2.309.871
Futures Transactions	-	-	-	-
Options	-	89.836	-	71.878
Other	-	-	-	-
<b>Total</b>	<b>230.714</b>	<b>2.925.405</b>	<b>1.202.899</b>	<b>2.388.020</b>

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	10.208.007	-	-	-
Domestic Banks and Institutions	199.280	13.050.361	383.712	8.878.194
Foreign Banks, Institutions and Funds	-	86.748.424	10.568	50.044.187
<b>Total</b>	<b>10.407.287</b>	<b>99.798.785</b>	<b>394.280</b>	<b>58.922.381</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	10.406.512	6.285.936	382.907	3.654.798
Medium and Long-Term	775	93.512.849	11.373	55.267.583
<b>Total</b>	<b>10.407.287</b>	<b>99.798.785</b>	<b>394.280</b>	<b>58.922.381</b>

**3.3. Further Information is Disclosed for the Areas of Liability Concentrations. Main Liability Concentration Areas are Fund Suppliers, Sector Groups, or other Risk Concentration Criteria**

75,24% of the Bank’s total liabilities consist of deposits. Deposits have a diversified base and have steady structures. The Bank’s liabilities are not subject to a significant concentration risk

**4. Information on Money Market Borrowings**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>From Domestic Transactions</b>	<b>21.024.860</b>	-	<b>139.646.059</b>	-
Financial Institutions and Organizations	20.860.674	-	139.473.430	-
Other Institutions and Organizations	125.400	-	158.819	-
Real Person	38.786	-	13.810	-
<b>From Overseas Operations</b>	-	<b>64.037.829</b>	-	<b>37.053.037</b>
Financial Institutions and Organizations	-	40.090.932	-	37.053.037
Other Institutions and Organizations	-	23.946.897	-	-
Real Person	-	-	-	-
<b>Total</b>	<b>21.024.860</b>	<b>64.037.829</b>	<b>139.646.059</b>	<b>37.053.037</b>

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

**5. Information on Securities Issued**

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bills	-	644.547	-	97.988
Asset-Backed Securities	-	-	-	-
Treasury Bonds	1.010.690	26.112.742	1.010.690	25.053.363
<b>Total</b>	<b>1.010.690</b>	<b>26.757.289</b>	<b>1.010.690</b>	<b>25.151.351</b>

**6. If Other Foreign Liabilities exceed 10% of The Total Balance Sheet, Names and Amounts of Sub Accounts That Make Up At Least 20% of These**

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

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

Information on lease liabilities represented in the table below.

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	47.708	24.603	23.256	11.893
Between 1-4 Years	924.110	786.166	360.218	329.674
More than 4 Years	1.135.590	597.848	812.434	447.916
<b>Total</b>	<b>2.107.408</b>	<b>1.408.617</b>	<b>1.195.908</b>	<b>789.483</b>

**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 are no foreign exchange loss provisions on foreign currency indexed loans and financial lease receivables (31 December 2021: None).

**9.2. Liabilities on Employee Benefits Provision**

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

The Bank accounts for its vacation and retirement pay obligations in accordance with the TAS 19 “Employee Benefits”. The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 31 December 2022, unpaid vacation liability amounted to TL 746.797 and employment termination amounted to TL 5.997.944 represented under the “Employee Benefits Provision” in the financial statements (31 December 2021: unpaid vacation liability amounted to TL 368.105, and employment termination amounted to TL 1.355.145 are presented under the “Employee Benefits Provision” in the financial statements)



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

**9. Information on Provisions (Continued)**

**9.2. Liabilities on Employee Benefits Provision (Continued)**

**9.2.2. Pension Rights**

The technical balance sheet reports which are prepared in accordance with the principles Act numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, by using a technical interest rate of 9,80%, concluded that no technical deficit arises in the mentioned fund as of 31 December 2022 and 31 December 2021.

The liability related to Bank’s benefits to be transferred to SSI as of the balance sheet date is expected payment to be made to SSI during the transfer. Actuarial parameters and results used in calculation of this amount reflects the Act’s, numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, principles related to pension and health benefits to be transferred to SSI (9,80% real discount rate, etc.).

According to related Actuary Report, the Fund’s surplus is TL 17.709.984 as of 31 December 2022 (31 December 2021: TL 10.235.620).

	<b>Current Period</b>	<b>Prior Period</b>
Non Medical Assets	9.609.837	6.297.140
Actual and Technical Overrun	17.709.984	10.235.620

The principal actuarial assumptions used are as follows:

	<b>Current Period</b>	<b>Prior Period</b>
Discount rate		
- Pension benefits transferable to SSI	9,80%	9,80%
- Post employment medical benefits transferable to SSI	9,80%	9,80%

The CSO 1980 Female / Male mortality table is used to represent the expected mortality rates before and after retirement.

The distribution of fund assets is as follows:

	<b>Current Period</b>	<b>Prior Period</b>
Bank placements	1.204.050	358.942
Property and equipment	940.000	495.566
Marketable securities	7.272.413	5.417.571
Other	193.374	25.061
<b>Total</b>	<b>9.609.837</b>	<b>6.297.140</b>

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

**9. Information on Provisions (Continued)**

**9.3. Information on Other Provision**

Except for the requirements of the BRSA Accounting and Financial Reporting Legislation, the Bank's management has free provisions amounting to TL 3.710.000 of which TL 24.590.000 has been reserved in previous periods and TL 28.300.000 has been set aside in the current period. (31 December 2021: Except for the requirements of the BRSA Accounting and Financial Reporting Legislation, the Bank's management has free provisions amounting to TL 3.460.000 of which TL 250.000 has been reserved in previous periods and TL 3.710.000 has been set aside in the current period.)

Expected loss provisions for non-cash loans are TL 9.108.014. (31 December 2021: Expected loss provisions for non-cash loans are TL 3.285.225. The Bank has set aside a provision amounting to TL 110.500 for cases that have not been finalized yet. (31 December 2022: The Bank has set aside a provision amounting to TL 92.600 for cases that are not yet finalized). In addition, there are other provisions amounting to TL 4.475.512. (31 December 2021: Other provisions amounting to TL 248.937.)

**10. Explanations on Tax Liability**

**10.1. Explanations on Current Tax Liability**

**10.1.1. Information on Taxes Payable**

As of 31 December 2022, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 5.909.763 (As of 31 December 2021, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 107.752).

**10.1.2. Information on Current Taxes Payable**

	<b>Current Period</b>	<b>Prior Period</b>
Corporate Tax Payable	5.909.763	107.752
Taxation on Income From Securities	527.578	407.297
Property Tax	5.640	3.716
Banking Insurance Transactions Tax (BITT)	785.989	444.573
Foreign Exchange Transactions Tax	39.653	114.244
Value Added Tax Payable	125.560	41.867
Other	272.208	91.426
<b>Total</b>	<b>7.666.391</b>	<b>1.210.875</b>

**10.1.3. Information on Premium Payables**

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums Employee	120	62
Social Security Premiums - Employer	153	83
Bank Social Aid Pension Fund Premium - Employee	45.528	22.904
Bank Social Aid Pension Fund Premium - Employer	66.725	33.563
Pension Fund Membership Fees and Provisions - Employee	-	4
Pension Fund Membership Fees and Provisions - Employer	36	15
Unemployment Insurance - Employee	6.536	1.641
Unemployment Insurance - Employer	13.075	3.284
Other	-	-
<b>Total</b>	<b>132.173</b>	<b>61.556</b>

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

**10. Explanations on Tax Liability (Continued)**

**10.2. Information on Deferred Tax Liability**

The Bank calculates and reflects deferred tax in accordance with the provisions of “Turkish Accounting Standard for Income Taxes” (“TAS 12”) for taxable temporary differences that arise between the book value of an asset or liability and its tax basis determined in accordance with the tax legislation. In the calculation of deferred tax, enacted tax rates valid as of the balance sheet date are used in accordance with the current tax legislation.

Deferred tax assets consisting of deductible temporary differences are calculated on the condition that it is highly probable to benefit from these differences by earning taxable profit in the future. Calculated deferred tax receivables and deferred tax liabilities are shown in the financial statements by netting.

Information on deferred taxes calculated in terms of deductible temporary differences, tax losses and tax deductions and exemptions are shown below.

	<b>Current Period</b>	<b>Prior Period</b>
Deferred Tax Asset	20.431.364	7.554.531
Deferred Tax Liability	20.710.456	6.035.452
Net Deferred Tax Asset/(Liability)	(279.092)	1.519.079
Net Deferred Tax Income/(Expense)	10.166.137	171.215

	<b>Current Period</b>	<b>Prior Period</b>
<b>Deferred Tax Asset</b>	<b>20.431.364</b>	<b>7.554.531</b>
Expected Loss Provisions	11.039.041	3.807.261
Expected Loss Provisions	1.686.185	355.693
Securities Portfolio	5.107.439	2.673.355
Other	2.598.699	718.222
<b>Securities Portfolio</b>	<b>20.710.456</b>	<b>6.035.452</b>
Financial Assets Valuation Differences	18.706.247	5.502.708
Real Estate Valuation Differences	1.853.995	499.970
Other	150.214	32.774
<b>Net Deferred Tax Asset/(Liability)</b>	<b>(279.092)</b>	<b>1.519.079</b>

As of 31 December 2022, deferred tax income amounting to TL 10.166.137 (31 December 2021: TL 171.215) is in the profit/loss statement, deferred tax expense amounting to TL 11.964.308 (31 December 2021: TL 1.100.456 deferred tax income) is classified under equity.

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

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

The Bank does not have any liabilities related to non-current assets “held for sale” and “held from discontinued operations”.

**12. Information on Subordinated Loans**

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	-	28.949.062	-	21.427.601
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	28.949.062	-	21.427.601
Debt instruments to be included in contribution capital calculation	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
<b>Total</b>	-	<b>28.949.062</b>	-	<b>21.427.601</b>

(\*) Subordinated loans are explained in detail in the Note “Information on debt instruments included in the calculation of equity” in Section Four.

**13. Information on Shareholders’ Equity**

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

	Current Period	Prior Period
Common stock	34.900.000	13.100.000
Preferred stock	-	-

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

The 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 Share**

The decision to increase the capital to TL 34.900.000 was approved at the Bank's Extraordinary General Assembly meeting held on March 9, 2022. It was announced in the Trade Registry Gazette numbered 10536. The accounting for the said capital increase was carried out on 14 March 2022, based on the permission obtained from the BRSA.

Increase Date	Increase Amount	Cash	Profit Reserves Subject to Increase	Capital Reserves Subject to Increase
14 March 2022	21.800.000	21.800.000	-	-

**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 Bank has no capital commitments.

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

**13. Information on Shareholders' Equity (Continued)**

**13.6. The effects of anticipations based on the financial figures for prior periods regarding the Bank's income, profitability and liquidity, and possible effects of these future assumptions on the Bank's equity due to uncertainties at these indicators**

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

**13.7. Summary Information on Privileges Given to Shares Representing the Capital**

The Bank has no preferred shares.

**13.8. Information on Marketable Securities Value Increase Fund**

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities under Common Control (Joint Ventures)	21.648.593	(5.781.840)	6.526.598	(2.023.299)
Financial Assets at Fair Value Through Other Comprehensive Income	37.318.737	(19.802.258)	3.162.858	(8.998.673)
Foreign Exchange Difference	5.838.443	-	4.060.946	-
<b>Total</b>	<b>64.805.773</b>	<b>(25.584.098)</b>	<b>13.750.402</b>	<b>(11.021.972)</b>

**III. EXPLANATIONS AND NOTES RELATED TO 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	38.863.491	24.260.963
Subsidiaries and Associates Capital Contribution Commitments	150.000	3.150
Loan Granting Commitments	51.525.638	22.888.073
Commitments for Cheque Payments	10.117.968	6.609.633
Commitments for Credit Card Expenditure Limits	100.861.357	61.707.772
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	162.372	101.762
Other Irrevocable Commitments	24.846.437	22.536.938
<b>Total</b>	<b>226.527.263</b>	<b>138.108.291</b>

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**III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS  
(Continued)**

**1. Explanations on Off-Balance Sheet Commitments (Continued)**

**1.2. A Nature and Amount of Possible Losses and Commitments Arising from the Off-Balance  
Sheet Items Including the Below Mentioned**

The Bank has provided provision amounting to TL 9.108.014 for expected credit losses arising from the off-balance sheet items in the current period (31 December 2021: TL 3.285.225).

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

	<b>Current Period</b>	<b>Prior Period</b>
Letters of Guarantee	320.689.280	184.456.614
Letters of Credit	67.420.943	60.172.624
Bank Acceptances	12.202.745	11.934.551
Endorsements	14.341.683	6.009.467
<b>Total</b>	<b>414.654.651</b>	<b>262.573.256</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Letters of Certain Guarantees	197.592.777	113.961.477
Letters of Advance Guarantees	55.127.711	29.420.428
Letters of Temporary Guarantees	10.362.644	3.983.624
Letters of Guarantees Given to Customs Offices	4.308.628	1.830.957
Other Letters of Guarantees	53.297.520	35.260.128
<b>Total</b>	<b>320.689.280</b>	<b>184.456.614</b>

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

**1.3.1. Total Non-Cash Loans:**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Non-Cash Loans for Providing Cash Loans</b>	<b>42.693.247</b>	<b>30.904.082</b>
With Original Maturity of One Year or Less	24.259.594	18.644.642
With Original Maturity of More than One Year	18.433.653	12.259.440
<b>Other Non-Cash Loans</b>	<b>371.961.404</b>	<b>231.669.174</b>
<b>Total</b>	<b>414.654.651</b>	<b>262.573.256</b>

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**III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS (Continued)**

**1. Explanations on Off-Balance Sheet Commitments (Continued)**

**1.3. Explanations on Non-Cash Loans(Continued)**

**1.3.2. Information on Sectoral Risk Concentrations of Non-Cash Loans**

	Current Period			
	TL	(%)	FC	(%)
Agricultural	2.410.729	1,73	225.098	0,08
Farming and Raising Livestock	1.532.709	1,10	129.936	0,05
Forestry	625.115	0,45	-	-
Fishing	252.905	0,18	95.162	0,03
Manufacturing	49.226.559	35,31	112.498.704	40,87
Mining and Quarrying	1.268.770	0,91	2.130.773	0,77
Production	40.265.033	28,88	99.049.334	35,99
Electric, Gas and Water	7.692.756	5,52	11.318.597	4,11
Construction	30.122.481	21,61	88.782.279	32,26
Services	56.025.268	40,19	71.339.461	25,92
Wholesale and Retail Trade	27.764.098	19,91	18.836.667	6,84
Hotel, Food and Beverage Services	2.440.549	1,75	1.546.168	0,56
Transportation and Telecommunication	7.818.581	5,61	24.833.143	9,02
Financial Institutions	13.083.440	9,38	18.862.179	6,85
Real Estate and Leasing Services	4.245.129	3,04	6.542.868	2,38
Self-employment Services	-	-	-	-
Education Services	279.145	0,20	308.563	0,11
Health and Social Services	394.326	0,28	409.873	0,15
Other	1.631.911	1,17	2.392.161	0,87
<b>Total</b>	<b>139.416.948</b>	<b>100,00</b>	<b>275.237.703</b>	<b>100,00</b>

	Prior Period			
	TL	(%)	FC	(%)
Agricultural	945.334	1,68	511.960	0,25
Farming and Raising Livestock	665.531	1,18	163.941	0,08
Forestry	243.665	0,43	4.396	-
Fishing	36.138	0,06	343.623	0,17
Manufacturing	13.548.809	24,12	95.828.615	46,43
Mining and Quarrying	499.113	0,89	1.393.083	0,67
Production	9.953.480	17,72	85.653.364	41,50
Electric, Gas and Water	3.096.216	5,51	8.782.168	4,25
Construction	15.303.936	27,25	57.566.330	27,89
Services	25.271.295	45,00	52.003.602	25,19
Wholesale and Retail Trade	11.663.940	20,77	15.662.640	7,59
Hotel, Food and Beverage Services	466.041	0,83	1.787.542	0,87
Transportation and Telecommunication	3.935.910	7,01	19.032.839	9,22
Financial Institutions	6.897.133	12,28	12.271.774	5,95
Real Estate and Leasing Services	1.966.708	3,50	2.511.259	1,22
Self-employment Services	-	-	-	-
Education Services	184.010	0,33	321.700	0,16
Health and Social Services	157.553	0,28	415.848	0,20
Other	1.094.164	1,95	499.211	0,24
<b>Total</b>	<b>56.163.538</b>	<b>100,00</b>	<b>206.409.718</b>	<b>100,00</b>

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**III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS  
(Continued)**

**1. Explanations on Off-Balance Sheet Commitments (Continued)**

**1.3. Explanations on Non-Cash Loans (Continued)**

**Information on the Non-Cash Loans Classified Under Group I and Group II**

Current Period	Group I:		Group II:	
	TL	FC	TL	FC
<b>Non-Cash Loans</b>	<b>137.497.166</b>	<b>266.108.903</b>	<b>1.790.419</b>	<b>7.858.132</b>
Letters of Guarantee	121.382.551	188.660.394	1.738.094	7.592.198
Bank Acceptances	1.808.014	10.394.731	-	-
Letters of Credit	1.445.582	65.653.093	1.325	255.941
Endorsements	12.861.019	1.400.685	51.000	9.993
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	-	-	-

Prior Period	Group I:		Group II:	
	TL	FC	TL	FC
<b>Non-Cash Loans</b>	<b>54.430.210</b>	<b>199.723.746</b>	<b>1.584.065</b>	<b>5.612.710</b>
Letters of Guarantee	51.471.598	124.803.193	1.553.430	5.418.818
Bank Acceptances	211.032	11.723.519	-	-
Letters of Credit	835.596	59.167.003	1.325	156.850
Endorsements	1.911.984	4.030.031	29.310	37.042
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	-	-	-

**2. Explanations on Derivative Transactions**

	Current Period	Prior Period
<b>Types of Trading Transactions</b>		
<b>Foreign Currency Related Derivative Transactions: (I)</b>	<b>622.823.111</b>	<b>410.454.995</b>
Forward Transactions	2.102.239	12.092.546
Swap Transactions	605.339.890	388.366.019
Futures Transactions	1.260.778	-
Option Transactions	14.120.204	9.996.430
<b>Interest Related Derivative Transactions (II)</b>	<b>105.383.188</b>	<b>84.644.944</b>
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	105.383.188	84.644.944
Interest Rate Options	-	-
Interest Rate Futures	-	-
<b>Other Trading Derivative Transactions: (III)</b>	<b>-</b>	<b>-</b>
<b>A. Total Trading Derivative Transactions (I+II+III)</b>	<b>728.206.299</b>	<b>495.099.939</b>
<b>Types of Hedging Derivative Transactions</b>		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Foreign Currency Investment Hedges	-	-
<b>B. Total Hedging Derivative Transactions</b>	<b>-</b>	<b>-</b>
<b>Total Derivative Transactions (A+B)</b>	<b>728.206.299</b>	<b>495.099.939</b>

The Bank has no derivative instruments for hedging purposes. There are no unrealized transactions (those are estimated in the prior period and recognized based on this assumption; however, it is clear that those transactions would not be realized) or expense and income from agreements in the income statement in the current period.



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**III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS  
(Continued)**

**2. Explanations on Derivative Transactions (Continued)**

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
<b>Derivatives held for trading</b>						
Foreign exchange derivatives	3.136.725	(120.249)	262.625	-	2.256.898	5.535.999
- Inflow	219.758.867	74.538.453	14.240.461	2.369.540	3.272.234	314.179.555
- Outflow	(216.622.142)	(74.658.702)	(13.977.836)	(2.369.540)	(1.015.336)	(308.643.556)
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	65.000	-	32.286.942	20.339.652	52.691.594
- Outflow	-	(65.000)	-	(32.286.942)	(20.339.652)	(52.691.594)
<b>Derivatives held for hedging</b>						
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
<b>Total Inflow</b>	<b>219.758.867</b>	<b>74.603.453</b>	<b>14.240.461</b>	<b>34.656.482</b>	<b>23.611.886</b>	<b>366.871.149</b>
<b>Total Outflow</b>	<b>(216.622.142)</b>	<b>(74.723.702)</b>	<b>(13.977.836)</b>	<b>(34.656.482)</b>	<b>(21.354.988)</b>	<b>(361.335.150)</b>

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
<b>Derivatives held for trading</b>						
Foreign exchange derivatives	6.650.672	670.981	(436.849)	-	1.267.129	8.151.933
- Inflow	143.150.310	38.587.482	23.724.330	1.558.870	2.282.472	209.303.464
- Outflow	(136.499.638)	(37.916.501)	(24.161.179)	(1.558.870)	(1.015.343)	(201.151.531)
Interest rate derivatives	-	-	-	-	-	-
- Inflow	5.000	40.000	173.902	11.923.284	30.180.286	42.322.472
- Outflow	(5.000)	(40.000)	(173.902)	(11.923.284)	(30.180.286)	(42.322.472)
<b>Derivatives held for hedging</b>						
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
<b>Total Inflow</b>	<b>143.155.310</b>	<b>38.627.482</b>	<b>23.898.232</b>	<b>13.482.154</b>	<b>32.462.758</b>	<b>251.625.936</b>
<b>Total Outflow</b>	<b>(136.504.638)</b>	<b>(37.956.501)</b>	<b>(24.335.081)</b>	<b>(13.482.154)</b>	<b>(31.195.629)</b>	<b>(243.474.003)</b>

**3. Explanations on Contingent Assets and Liabilities**

Provision is allocated for transactions with complete and accurate data that may influence the financial structure of the Bank and otherwise, provision is provided based on the estimations.

The Bank’s liability resulting from the cheques given to its customers amount TL 10.117.968 (31 December 2021: TL 6.609.633).

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

**4. Explanations on Services in the Name of Others**

The Bank acts as an intermediary for purchases and sales of government securities on behalf of individuals and entities, conducts repo transactions, and provides custody services. The Bank does not provide consultancy and management services.

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

**1. Interest Income**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Interest on Loans <sup>(1)</sup></b>	<b>101.259.337</b>	<b>20.466.950</b>	<b>61.660.537</b>	<b>11.134.067</b>
Short Term Loans	38.181.202	2.361.313	17.028.291	922.407
Medium and Long Term Loans	61.426.667	18.105.635	43.666.580	10.211.660
Interest on Loans Under Follow-up	1.651.468	2	965.666	-
Premiums from Resource Utilization Support Fund	-	-	-	-

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

**1.2. Information on Interest Income on Banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Türkiye	12.367	-	-	-
Domestic Banks	95.642	2.072.525	5.782	12
Foreign Banks	118.505	104.967	108.515	22.338
Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>226.514</b>	<b>2.177.492</b>	<b>114.297</b>	<b>22.350</b>

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

**1. Interest Income (Continued)**

**1.3. Information on Interest Income on Marketable Securities**

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	651.669	3.926	338.221	2.868
Financial Assets at Fair Value Through Other Comprehensive Income	56.704.857	10.217.019	17.818.808	5.773.406
Financial Assets Measured at Amortized Cost	25.659.928	2.172.609	2.118.949	1.387.857
<b>Total</b>	<b>83.016.454</b>	<b>12.393.554</b>	<b>20.275.978</b>	<b>7.164.131</b>

**1.4. Information on Interest Income Received from Associates and Subsidiaries**

	Current Period	Prior Period
Interest Income from Associates and Subsidiaries	280.558	225.624

**2. Interest Expense**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks <sup>(1)</sup></b>	<b>327.245</b>	<b>2.845.005</b>	<b>127.159</b>	<b>1.042.675</b>
Central Bank of the Republic of Türkiye	121.783	-	-	-
Domestic Banks	124.284	450.868	65.283	184.958
Foreign Banks	81.178	2.394.137	61.876	857.717
Foreign Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>327.245</b>	<b>2.845.005</b>	<b>127.159</b>	<b>1.042.675</b>

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

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

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	141.312	255.217

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expenses on Securities Issued	169.899	2.688.467	169.899	1.948.153

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

**2. Interest Expense (Continued)**

**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		
<b>TL</b>								
Bank Deposit	-	4.418.268	-	-	-	-	-	4.418.268
Saving Deposit	-	1.632.419	24.971.205	3.599.179	852.769	3.433.057	16.027	34.504.656
Public Sector Deposit	90	6.996.508	1.238.957	118.940	75.013	1.333	-	8.430.841
Commercial Deposit	126	5.860.158	4.814.541	1.730.559	4.223.916	133.980	-	16.763.280
Other Deposit	-	537.182	1.885.048	275.010	52.737	48.422	-	2.798.399
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
<b>Total</b>	<b>216</b>	<b>19.444.535</b>	<b>32.909.751</b>	<b>5.723.688</b>	<b>5.204.435</b>	<b>3.616.792</b>	<b>16.027</b>	<b>66.915.444</b>
<b>FC</b>								
Foreign Currency Deposit	2.052	2.962.136	2.651.260	270.728	165.716	377.387	2	6.429.281
Bank Deposit	24	73.414	66.446	-	89.852	58.197	-	287.933
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	7.320	45.467	4.156	2.287	2.452	-	61.682
<b>Total</b>	<b>2.076</b>	<b>3.042.870</b>	<b>2.763.173</b>	<b>274.884</b>	<b>257.855</b>	<b>438.036</b>	<b>2</b>	<b>6.778.896</b>
<b>Grand Total</b>	<b>2.292</b>	<b>22.487.405</b>	<b>35.672.924</b>	<b>5.998.572</b>	<b>5.462.290</b>	<b>4.054.828</b>	<b>16.029</b>	<b>73.694.340</b>

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		
<b>TL</b>								
Bank Deposit	-	4.142.850	1.653	-	-	-	-	4.144.503
Saving Deposit	-	1.662.616	16.516.063	3.706.752	406.207	1.109.198	13.679	23.414.515
Public Sector Deposit	617	1.107.852	1.081.794	75.394	32.970	9.291	-	2.307.918
Commercial Deposit	162	3.325.457	2.927.698	92.494	688.764	52.638	-	7.087.213
Other Deposit	1	382.165	1.617.560	150.565	101.214	48.993	-	2.300.498
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
<b>Total</b>	<b>780</b>	<b>10.620.940</b>	<b>22.144.768</b>	<b>4.025.205</b>	<b>1.229.155</b>	<b>1.220.120</b>	<b>13.679</b>	<b>39.254.647</b>
<b>FC</b>								
Foreign Currency Deposit	3.515	210.719	1.056.927	124.748	97.033	277.680	3	1.770.625
Bank Deposit	56	2.548	43.297	1.338	21.751	61.678	-	130.668
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	4.285	32.541	2.765	2.011	1.705	-	43.307
<b>Total</b>	<b>3.571</b>	<b>217.552</b>	<b>1.132.765</b>	<b>128.851</b>	<b>120.795</b>	<b>341.063</b>	<b>3</b>	<b>1.944.600</b>
<b>Grand Total</b>	<b>4.351</b>	<b>10.838.492</b>	<b>23.277.533</b>	<b>4.154.056</b>	<b>1.349.950</b>	<b>1.561.183</b>	<b>13.682</b>	<b>41.199.247</b>

**3. Explanations on Dividend Income**

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	805	-
Financial Assets at Fair Value Through Other Comprehensive Income	41.040	29.810
Other <sup>(1)</sup>	226.247	108.090
<b>Total</b>	<b>268.092</b>	<b>137.900</b>

<sup>(1)</sup> Shows the Bank’s dividend income from subsidiaries, associates and entities under common control.

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

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Profit</b>	<b>406.833.503</b>	<b>598.329.934</b>
Trading Gains on Securities	2.497.241	667.393
Profits on Derivative Financial Instruments	9.852.505	8.676.925
Foreign Exchange Profits	394.483.757	588.985.616
<b>Loss (-)</b>	<b>404.918.169</b>	<b>609.373.711</b>
Trading Losses on Securities	125.495	17.886
Losses on Derivative Financial Instruments	18.253.518	20.423.507
Foreign Exchange Loss	386.539.156	588.932.318

**5. Information on Other Operating Income**

Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 4.669.931 and income from sales of assets amounting to TL 596.163 (31 December 2021: Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 3.209.919 and income from sales of assets amounting to TL 339.640).

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

	<b>Current Period</b>	<b>Prior Period</b>
Expected Credit Loss Provisions	29.545.406	14.956.143
12 Month Expected Credit Loss (Stage 1)	9.797.720	199.488
Significant Increase in Credit Risk (Stage 2)	15.326.057	9.860.998
Non-Performing Loans (Stage 3)	4.421.629	4.895.657
Marketable Securities Impairment Expense	4	2
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	4	2
Subsidiaries, Associates and Entities Under Common Control Impairment Provision	-	-
Associates	-	-
Subsidiaries	-	-
Entities Under Common Control	-	-
Other <sup>(*)</sup>	28.794.108	374.146
<b>Total</b>	<b>58.339.518</b>	<b>15.330.291</b>

<sup>(\*)</sup> TL 24.590.000 free provision expense (31 December 2021: TL 250.000)

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Reserve for Employee Termination Benefits	681.384	395.069
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	100	250
Depreciation Expenses of Tangible Assets	772.189	520.530
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	226.378	144.050
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	7.777.251	4.683.283
Leasing Expenses Related to TFRS 16 Exceptions	104.297	87.052
Maintenance Expenses	478.546	222.138
Advertisement Expenses	467.555	281.527
Other Expenses	6.726.853	4.092.566
Loss on Sales of Assets	1.997	3.740
Other <sup>(1)</sup>	6.266.849	3.571.251
<b>Total</b>	<b>15.726.148</b>	<b>9.318.173</b>

<sup>(1)</sup> TL 2.689.851 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 2.480.727 consists of taxes, duties and charges expense (31 December 2021: TL 1.792.478 of other items consists of Saving Deposit Insurance Fund accrual expense while, TL 1.251.672 consists of taxes, duties and charges expense.).

**8. Fees for Services Received from Independent Auditor / Independent Audit Firm**

The fee information for the reporting period regarding the services received from the independent auditor or independent audit firm in accordance with the decision of the POA dated March 26, 2021 is given in the table below:

	<b>Current Period</b>	<b>Prior Period</b>
Independent Audit Fee	24.073	13.039
Tax Consultancy Fee	1.310	272
Other Assurance Services Fee	1.402	877
Other Non-Audit Services Fee	1.517	596
<b>Total</b>	<b>28.302</b>	<b>14.784</b>

<sup>(\*)</sup> The fee information is given over the amounts excluding VAT in the table.

<sup>(\*\*)</sup> Amounts are presented on a consolidated basis, including domestic and foreign subsidiaries of the Bank.

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Net Interest Income	121.482.897	39.767.734
Net Fees and Commissions Income	13.124.251	5.450.874
Other Operating Income	7.735.953	4.444.305
Dividend Income	268.092	137.900
Trading Profit/Loss (Net)	1.915.334	(11.043.777)
Personnel Expenses (-)	9.210.322	5.195.130
Expected Credit Loss (-)	29.545.406	14.956.143
Other Provision Expenses (-)	28.794.112	374.148
Other Operating Expenses (-)	15.726.148	9.318.173
<b>Profit / (Loss) From Continuing Operations</b>	<b>61.250.539</b>	<b>8.913.442</b>

**10. Information on Tax Provision for Continued and Discontinued Operations**

As of 31 December 2022 TL 20.158.162 of the Bank’s total tax provision expense amounting to TL 30.324.299 consists of current tax expense while remaining balances amounting to, TL 10.166.137 consists of deferred tax income. (As of 31 December 2021 TL 2.622.133 of the Bank’s total tax provision expense amounting to TL 2.793.348 consists of current tax expense while remaining balances amounting to, TL 171.215 consists of deferred tax income.

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

The Bank’s net operating income after tax amounts to TL 41.092.377 (31 December 2021: TL 6.291.309).

**12. Information on Net Profit/Loss**

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

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

**12.2. 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

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

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

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**v. EXPLANATIONS AND NOTES RELATED TO THE CHANGES IN SHAREHOLDERS'  
EQUITY**

**1. Explanations on the Issuance of Shares:**

The paid in capital of T.C. Ziraat Bank is TL 34.900.000. (31 December 2021: TL 13.100.000)

**2. Explanations on Profit Distribution:**

With the decision taken at the Bank's Ordinary General Assembly Meeting dated March 25, 2022;

Pursuant to paragraph 1 of Article 33 of the Bank's Articles of Association regarding the determination, allocation and distribution of the net profit for the period; Allocating 5% (TL 314.565) of legal reserves from the net period profit of TL 6.291.309,

Within the scope of Article 5/1-e of the Corporate Tax Law No. 5520, TL 4.685, which is the portion associated with the period profit within 50% of the real estate sales income exemption base calculated according to the TPL, is to be followed until the end of the 5th year following the year of the sale. in accordance with the relevant law article, to be taken into a special fund account under shareholders' equity, and the remaining TL 5.972.059 to be transferred to extraordinary reserves,

From TL 63.699 resulting from real estate valuation differences and monitored in previous years' profit within the framework of the relevant TAS, 50% of the real estate sales income exemption base calculated according to the Tax Law within the scope of Article 5/1-e of the Corporate Tax Law No. 5520, with equity accounts. TL 20.963, which is the associated portion, is taken into the special fund account opened under the shareholders' equity in accordance with the relevant law to be followed up until the end of the 5th year following the year of the sale, 5% (TL 2.137) of legal reserves is set aside over the remaining TL 42.736, the remaining TL 40.599. It has been decided to transfer to extraordinary reserves.

The Bank plans to distribute the profit it earned in 2022 in line with its articles of association. However, as of the preparation date of the financial reports, no decision has been taken regarding profit distribution.

**3. Profit Reserves:**

As of the balance sheet date, profit reserves are TL 73.956.519, legal reserves are TL 5.779.782 and extraordinary reserves are TL 68.176.737 (As of 31 December 2021, profit reserves are TL 67.627.159, legal reserves are TL 5.463.080 and extraordinary reserves are TL 62.164.079).



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**VI. EXPLANATIONS AND NOTES RELATED TO THE CASH FLOW STATEMENT**

**1. Explanations on the “Other” items and “The Effect of The Change in Foreign Currency on Cash and Cash Equivalent” item in the Cash Flow Statement:**

Regarding operating profit before the change in banking activity assets and liabilities, TL 67.733.997 of the income amount, TL 179.020.646 mainly consists of the interests received from loans and securities, and TL 91.764.043 mostly consists of the interests given to deposits and money market transactions. (31 December 2021: Regarding operating profit before the change in banking activity assets and liabilities, TL 8.923.763 of the income amount, TL 87.832.699 mainly consists of the interests received from loans and securities, and TL 60.537.999 mostly consists of the interests given to deposits and money market transactions.) Other earnings mainly include net fee and commission income and other operating profits.

The effect of change in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the beginning and end of the year and amounts to TL 4.383.503 income as of 31 December 2022 (31 December 2021: TL 1.232.458 expense).

Cash in TL, cash in foreign currency, Central Bank of the Republic of Türkiye, money in transit, bank cheques purchased and cash on money market operations are defined as “cash”; interbank money transactions placements having maturities less than three months, and time deposits in banks are defined as “cash equivalents”.

***Period opening and end cash and cash equivalents balance***

<b>Period Opening</b>	<b>Current Period</b>	<b>Prior Period</b>
Cash in TL and in Foreign Currency	8.522.872	4.967.159
Central Bank of the Republic of Türkiye and Other Banks	86.862.983	29.673.828
Money Market Operations	281.931	206.435
<b>Total Cash and Cash Equivalents</b>	<b>95.667.786</b>	<b>34.847.422</b>

<b>Period End</b>	<b>Current Period</b>	<b>Prior Period</b>
Cash in TL and in Foreign Currency	15.127.187	8.522.872
Central Bank of the Republic of Türkiye and Other Banks	175.771.059	86.862.983
Money Market Operations	5.377.473	281.931
<b>Total Cash and Cash Equivalents</b>	<b>196.275.719</b>	<b>95.667.786</b>

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**VII. EXPLANATIONS AND NOTES RELATED TO RISK GROUP THAT THE BANK 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**

**1.1 Information on Loans of the Bank’s Risk Group**

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
<b>Current Period</b>						
<b>Loans</b>						
Beginning Balance	4.147.452	8.985.638	-	-	-	-
Ending Balance	5.664.719	6.688.146	-	-	-	-
Interest and Commissions Income	280.558	912	-	-	-	-

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
<b>Prior Period</b>						
<b>Loans</b>						
Beginning Balance	2.513.483	7.410.848	-	-	-	-
Ending Balance	4.147.452	8.985.638	-	-	-	-
Interest and Commissions Income	225.624	541	-	-	-	-

**1.2. Information on Deposits of the Bank’s Risk Group**

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Deposits</b>						
Beginning Balance	3.495.970	1.674.595	-	-	-	-
Ending Balance	7.116.434	3.495.970	-	-	-	-
Interest Expense on Deposits	141.312	255.217	-	-	-	-

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

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Transactions at fair value through Profit or Loss</b>						
Beginning Balance	489.081	1.126.974	-	-	-	-
Ending Balance	217.368	489.081	-	-	-	-
Total Profit/Loss	45.529	(33.187)	-	-	-	-
<b>Risk Protection Oriented Processes</b>						
Beginning Balance	-	-	-	-	-	-
Ending Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

**1.4. Information Regarding Benefits Provided to the Bank’s Key Management**

Fees paid to the Bank’s senior management amount to TL 24.604 (31 December 2021: TL 17.199).

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

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022**

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

**INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**VIII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS**

With the Repeated paragraph 298 (Ç) added to the Tax Procedure Law No. 213 and the Provisional Article 32, it is possible for the taxpayers included in the scope to revalue their depreciable economic assets during periods when the conditions for making inflation adjustments are not met. In order to explain the revaluation transactions, the General Communiqué of the Tax Procedure Law no. 537 has been published, and for the enterprises that prepare their financial statements in accordance with the Türkiye Accounting Standards, the General Communiqué on the Tax Procedure Law with the line number 547 published in the Official Gazette dated 14 January 2023 and numbered 32073 (order no. 537). With the Communiqué Amending the According to the Communiqué, the Bank will be able to revalue the immovables registered in its assets and other economic assets subject to depreciation, provided that the conditions in the Provisional Article 32 and Reiterated Article 298 (Ç) are met, and it will be able to pay the corporate tax on the base calculated according to the new values of these economic assets.

The consequences of earthquakes in Kahramanmaraş, which affected many cities, in the disaster area and throughout the country are closely followed. Efforts to be carried out by the Bank in order for social and economic life to return to normal are being concluded immediately.

**IX. EXPLANATIONS AND NOTES RELATED TO DOMESTIC, FOREIGN, OFF-SHORE BRANCHES OR AFFILIATES AND FOREIGN REPRESENTATIVES OF THE BANK**

**1. Information on the Bank’s Domestic and Foreign Branches and Foreign Representatives of The Bank**

	Number	Number of Employees			
Domestic Branch <sup>(1)</sup>	1.733	24.388			
			<b>Country of Incorporation</b>		
Foreign Representative Office <sup>(2)</sup>	-	-	-		
				<b>Total Assets</b>	<b>Statutory Share Capital</b>
Foreign Branch <sup>(2)</sup>	1	5	1- England	22.518.932	1.262.174
	5	5	2- Bulgaria	5.203.806	282.828
	2	4	3- Iraq	2.483.514	888.298
	3	3	4- Greece	2.354.822	659.525
	1	2	5- Saudi Arabia	1.042.806	280.478
	4	1	6- Kosovo	2.896.667	399.712
	8	36	7- T.R. of Northern Cyprus	10.155.101	454.180
	1	3	8- Bahrain	75.499.372	93.493
Off-Shore Banking Region Branches	-	-	-	-	-

(1) Includes the employees of the domestic branches, including the employees of head office and regional management.

(2) Excluding the local employees of the foreign branches.

**2. Information on The Bank About Opening, Closing, Changing its Organization Considerably for Domestic and Foreign Branches and Foreign Representatives of The Bank:**

In 2022, 8 new branches were opened in Türkiye and 2 branches were closed.

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

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022**

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

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**SECTION SIX**

**OTHER EXPLANATIONS**

**I. INFORMATION ON THE BANK'S RATING THAT HAS BEEN DETERMINED BY  
INTERNATIONAL RATING AGENCIES**

Information on the assessment done by the international rating agencies Moody's Investors Service, Fitch Ratings and JCR Eurasia are as follows:

**Moody's Investors Service: August 2022**

Outlook	Stable
Long term Foreign Currency Deposit	B3
Short term Foreign Currency Deposit	Not-Prime
Long term Domestic Currency Deposit	B3
Short term Domestic Currency Deposit	Not-Prime
Long term Issuer Rating Domestic Currency	B3
Baseline Credit Assessment	caa1
Adjusted Baseline Credit Assessment	caa1

**Fitch Ratings: July 2022**

Foreign Currency Long Term IDR	B-
Outlook	Negative
Foreign Currency Short Term IDR	B
Local Currency Long Term IDR	B
Outlook	Negative
Local Currency Short Term IDR	B
National Long-Term Rating	AA (tur)
Outlook	Stable
Government Support Rating	Ns
Viability Rating	b-

**JCR Eurasia: January 2023**

Long Term International FC	BB
Outlook	Negative
Long Term International LC	BB
Outlook	Negative
Long Term National LC	AAA (Trk)
Outlook	Stable
Short Term National LC	J1+ (Trk)
Outlook	Stable

**II. OTHER EXPLANATIONS ON THE BANK'S OPERATIONS**

None.

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022**

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

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**SECTION SEVEN**

**EXPLANATIONS ON INDEPENDENT AUDIT REPORT**

**I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT**

The unconsolidated financial statements prepared as of 31 December 2022 and for the fiscal period ending on the same date have been prepared by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. is subject to audit by the independent auditors' report dated 17 February 2023 is presented preceding the unconsolidated financial statements.

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

None.