

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI
ANONİM ŞİRKETİ**

**UNCONSOLIDATED FINANCIAL STATEMENTS,
RELATED EXPLANATIONS AND NOTES
AS OF 31 DECEMBER 2023 WITH AUDITOR'S REPORT**

**(CONVENIENCE TRANSLATION OF UNCONSOLIDATED
FINANCIAL STATEMENTS AND RELATED DISCLOSURES
ORIGINALLY ISSUED IN TURKISH)**



**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. 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 2023, 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 2023, 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 2023 include a free provision amounting to TL 17.300.000 thousand which consist of TL 28.300.000 thousand provided in prior periods and TL 11.000.000 thousand reversed 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.

<i>Key Audit Matters</i>	<i>How the key audit matter was addressed in the audit</i>
<p><i>Expected credit losses for loans</i></p> <p>The Bank has total expected credit losses for loans amounting to TL 1.971.571.705 thousand in respect to total loans amounting to TL 67.953.054 thousand which represent a significant portion of the Bank’s total assets in its unconsolidated financial statements as at 31 December 2023. 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 2023.</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 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>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 and the results of validation studies.</p>



<i>Key Audit Matters</i>	<i>How the key audit matter was addressed in the audit</i>
<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 models based on complex data, 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>We have checked Probability of Default (PD) models used in determination of lifetime PD calculations and the inclusion of current and future information in the models for various credit portfolios with our financial risk experts by reperforming on a sample selection basis.</p> <p>We tested sample basis the accuracy of the Exposure at Default (EAD) calculation by checking the prepayments and repayments and arithmetic calculations taken into account in the cash flows.</p> <p>We tested the Loss Given Default (LGD) calculation methodology used by the Bank in the expected credit loss calculation.</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>



Key Audit Matters	How the key audit matter was addressed in the audit
<p data-bbox="272 499 472 531">Pension funds</p> <p data-bbox="272 564 849 753">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 2023.</p> <p data-bbox="272 787 837 1421">TZHEMSAN foundation (“Fund”) is established in accordance with the Social Security Law numbered 506 article No 20 and is within the scope of Funds whose members’ rights 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 1455 849 1734">During our audit, above mentioned fundamental assumption and estimates used in calculations of Fund obligations, uncertainty of the transfer date, technical interest rate determined in accordance with the law regulating the transfer conditions 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 1479 753">Within our audit we tested on a sample basis the accuracy of the retired and 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 1495 947">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 controlled significant changes.</p> <p data-bbox="878 980 1484 1104">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 1138 1455 1262">In addition to the above procedures, we 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 2023 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 2023. 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
Independent Auditor

Istanbul, 16 February 2024



**THE UNCONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 31 DECEMBER 2023**

The Bank's Headquarter Address: Finanskent Mahallesi Finans Caddesi
No:44/A Ümraniye/İSTANBUL
Phone: (216) 590 20 00
Facsimile: (312) 584 25 51
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

Dr. İsmail İlhan HATİPOĞLU
Member of the Board,
Member of the Audit Committee

Süleyman YALÇIN
Executive Vice President for
Financial Coordination

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 : 0216 590 59 24

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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 Türkiye 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 İstanbul.

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 84.600.000. This capital is divided into 84.600.000.000 registered share with a nominal value of TL 1 each and is fully paid. The Bank’s sole and controlling shareholder is the Türkiye Wealth Fund.

The decision to increase the capital to TL 84.600.000 was approved at the Extraordinary General Assembly meeting of the Bank held on 29 March 2023, and the capital increase and the related amendment made in the relevant article of the Articles of Association were registered on 30 March 2023. It was announced in the Trade Registry Gazette dated 30 March 2023 and numbered 10801. The accounting for the mentioned capital increase was carried out on 30 March 2023, based on the permission obtained from the BRSA.

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

Name	Administrative Function
Members of the Board of Directors	
Burhaneddin TANYERİ	Chairman
Alpaslan ÇAKAR	CEO and Member
Veysi KAYNAK	Vice Chairman and Member
Dr. İsmail İlhan HATİPOĞLU(*)	Member
Fatih AYDOĞAN(*)	Member
Fazlı KILIÇ	Member
Feyzi ÇUTUR	Member
Serdar KILIÇ(*)	Member
Serruh KALELİ	Member
Audit Committee Members	
Dr. İsmail İlhan HATİPOĞLU(*)	Member
Fazlı KILIÇ	Member
Executive Vice Presidents	
Ahmet ACAR	Credit Risk Monitoring and Liquidation
Cüneyt SAĞLIK	Digital Banking and Payment Systems
Emrah GÜNDÜZ	Banking Operations and Corporate Communications
Ferhat PIŞMAF	Corporate Banking
Hüseyin ÖZUYSAL	Human Resources
Mehmet Şükrü TAŞCI	Credit Allocation and Management
Süleyman YALÇIN	Financial Coordination
Yasin ÖZTÜRK	Treasury Management
Yüksel CESUR	Retail Banking

(*) They were appointed at the Bank’s Ordinary General Assembly meeting held on 2 August 2023 and started their duties as of 8 August 2023. Deputy General Manager Recep TÜRK resigned on 11 August 2023 and resigned from his position.

The Bank’s Chairman and Members of the Board of Directors, Members of the Audit Committee, General Manager and Executive Vice Presidents do not own any shares of the Bank.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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 of Share (%)	Paid-in Shares	Unpaid Shares
Türkiye Wealth Fund	84.600.000	100	84.600.000	-

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 2023, the Bank carries its activities with a grand total of 1.744 branches; (31 December 2022: 1.733 domestic branches) and branches abroad which are London branch in England, Baghdad and Arbil branches in Iraq, Athens, Komotini, and Xanthi branches in Greece, Sofia, Plovdiv, Kardzhali, Varna and Burgas branches in Bulgaria, Jeddah branch in Saudi Arabia, Prishtina, Prizren, Peja and Ferizaj branches in Kosovo, Bahrain branch in Bahrain, Lefkoşa, Girne, Güzelyurt, Gazimağusa, Gönyeli, Taşkinköy, Karaoğlanoğlu and İskele branches in Turkish Republic of Northern Cyprus, It operates with a total of 25 branches and a total of 1.769 branches. (31 December 2022: 1.758). As of 31 December 2023, the Bank’s number of domestic employees are 25.810, number of abroad employees are 94 (31 December 2022: Number of domestic employees are 24.388, Number of abroad employees are 96).

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)).

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

According to “Communiqué regarding the Preparation of the Consolidated Financial Statements” and “Turkish Accounting Standards”, Arap Türk Bankası A.Ş. and Birleşim Varlık Yönetim 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. is 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.Ş. 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.

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2023)

(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 2023			Prior Period 31 December 2022		
			TL	FC	Total	TL	FC	Total
			ASSETS					
I.	FINANCIAL ASSETS (Net)		574.505.964	823.099.933	1.397.605.897	236.867.343	592.221.704	829.089.047
1.1	Cash and Cash Equivalents		301.207.121	430.105.001	731.312.122	34.126.115	357.118.201	391.244.316
1.1.1	Cash and Balances with Central Bank	(1)	146.965.722	394.394.600	541.360.322	28.245.022	346.153.321	374.398.343
1.1.2	Banks	(4)	3.473.695	35.588.524	39.062.219	505.686	10.965.746	11.471.432
1.1.3	Money Markets Receivables		150.782.502	128.907	150.911.409	5.380.282	-	5.380.282
1.1.4	Expected Loss Provision (-)		14.798	7.030	21.828	4.875	866	5.741
1.2	Financial Assets at Fair Value Through Profit or Loss	(2)	9.650.261	56.734.186	66.384.447	4.302.137	28.992.742	33.294.879
1.2.1	Government Debt Securities		356.039	54.185.853	54.541.892	198.276	27.692.529	27.890.805
1.2.2	Equity Instruments		-	-	-	-	-	-
1.2.3	Other Financial Assets		9.294.222	2.548.333	11.842.555	4.103.861	1.300.213	5.404.074
1.3	Financial Assets at Fair Value Through Other Comprehensive Income	(5),(6)	258.662.235	330.713.089	589.375.324	195.185.687	200.487.478	395.673.165
1.3.1	Government Debt Securities		256.302.662	329.181.650	585.484.312	193.770.230	199.565.626	393.335.856
1.3.2	Equity Instruments		2.359.573	123.873	2.483.446	885.974	41.654	927.628
1.3.3	Other Financial Assets		-	1.407.566	1.407.566	529.483	880.198	1.409.681
1.4	Derivative Financial Assets	(3)	4.986.347	5.547.657	10.534.004	3.253.404	5.623.283	8.876.687
1.4.1	Derivative Financial Assets at Fair Value Through Profit or Loss		4.986.347	5.547.657	10.534.004	3.253.404	5.623.283	8.876.687
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		1.626.456.316	602.577.095	2.229.033.411	983.847.530	393.877.661	1.377.725.191
2.1	Loans	(7)	1.409.482.677	562.089.028	1.971.571.705	916.747.756	349.603.094	1.266.350.850
2.2	Lease Receivables	(12)	-	-	-	-	-	-
2.3	Factoring Receivables		-	-	-	-	-	-
2.4	Other Financial Assets Measured at Amortized Cost	(8)	252.717.832	72.741.102	325.458.934	114.911.984	44.439.493	159.351.477
2.4.1	Government Debt Securities		249.567.680	71.769.027	321.336.707	111.764.300	43.408.245	155.172.545
2.4.2	Other Financial Assets		3.150.152	972.075	4.122.227	3.147.684	1.031.248	4.178.932
2.5	Expected Credit Loss (-)		35.744.193	32.253.035	67.997.228	47.812.210	164.926	47.977.136
III.	NON-CURRENT ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "HELD FROM DISCONTINUED OPERATIONS" (Net)	(15)	5.784.694	-	5.784.694	6.853.866	-	6.853.866
3.1	Held for Sale Purpose		5.784.694	-	5.784.694	6.853.866	-	6.853.866
3.2	Held from Discontinued Operations		-	-	-	-	-	-
IV.	EQUITY INVESTMENTS		48.759.389	13.739.415	62.498.804	35.291.161	7.913.605	43.204.766
4.1	Investments in Associates (Net)	(9)	336.152	-	336.152	216.867	-	216.867
4.1.1	Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2	Unconsolidated Associates		336.152	-	336.152	216.867	-	216.867
4.2	Subsidiaries (Net)	(10)	48.423.237	13.205.120	61.628.357	35.074.294	7.006.700	42.080.994
4.2.1	Unconsolidated Financial Subsidiaries		48.144.532	13.205.120	61.349.652	34.939.335	7.006.700	41.946.035
4.2.2	Unconsolidated Non-Financial Subsidiaries		278.705	-	278.705	134.959	-	134.959
4.3	Entities under Common Control (Joint Ventures) (Net)	(11)	-	534.295	534.295	-	906.905	906.905
4.3.1	Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2	Unconsolidated Joint Ventures		-	534.295	534.295	-	906.905	906.905
V.	PROPERTY AND EQUIPMENT (Net)	(16)	19.790.801	177.990	19.968.791	16.137.593	85.466	16.223.059
VI.	INTANGIBLE ASSETS (Net)	(19)	3.642.139	63.126	3.705.265	2.229.670	42.931	2.272.601
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		3.642.139	63.126	3.705.265	2.229.670	42.931	2.272.601
VII.	INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
VIII.	CURRENT TAX ASSET		36.428	-	36.428	-	-	-
IX.	DEFERRED TAX ASSET	(20)	30.980.950	-	30.980.950	-	-	-
X.	OTHER ASSETS (Net)	(22)	44.704.723	6.066.039	50.770.762	31.548.535	4.747.959	36.296.494
TOTAL ASSETS			2.354.661.404	1.445.723.598	3.800.385.002	1.312.775.698	998.889.326	2.311.665.024

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2023)

(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 2023			Prior Period 31 December 2022		
			TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(1)	1.726.707.110	1.208.615.971	2.935.323.081	917.910.341	821.358.519	1.739.268.860
II.	FUNDS BORROWED	(3)	481.356	199.733.799	200.215.155	10.407.287	99.798.785	110.206.072
III.	MONEY MARKETS BORROWINGS	(4)	5.033.638	78.303.138	83.336.776	21.024.860	64.037.829	85.062.689
IV.	SECURITIES ISSUED (Net)	(5)	995.040	46.192.885	47.187.925	1.010.690	26.757.289	27.767.979
4.1	Bills		995.040	7.518.533	8.513.573	-	644.547	644.547
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		-	38.674.352	38.674.352	1.010.690	26.112.742	27.123.432
V.	FUNDS		24.055	-	24.055	34.703	-	34.703
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		24.055	-	24.055	34.703	-	34.703
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES	(2)	784.425	2.851.732	3.636.157	230.714	2.925.405	3.156.119
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		784.425	2.851.732	3.636.157	230.714	2.925.405	3.156.119
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII.	FACTORING LIABILITIES		-	-	-	-	-	-
IX.	LEASE LIABILITIES (Net)	(7)	3.775.749	75.286	3.851.035	1.367.826	40.791	1.408.617
X.	PROVISIONS	(9)	31.454.847	3.645.848	35.100.695	48.706.257	32.511	48.738.768
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		5.936.835	-	5.936.835	6.744.741	-	6.744.741
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		25.518.012	3.645.848	29.163.860	41.961.516	32.511	41.994.027
XI.	CURRENT TAX LIABILITY	(10)	10.733.223	49.494	10.782.717	7.769.264	29.300	7.798.564
XII.	DEFERRED TAX LIABILITY	(10)	-	-	-	279.092	-	279.092
XIII.	LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "HELD FROM DISCONTINUED OPERATIONS" (Net)	(11)	-	-	-	-	-	-
13.1	Held for Sale Purpose		-	-	-	-	-	-
13.2	Held from Discontinued Operations		-	-	-	-	-	-
XIV.	SUBORDINATED DEBT INSTRUMENTS	(12)	-	46.620.531	46.620.531	-	28.949.062	28.949.062
14.1	Loans		-	-	-	-	-	-
14.2	Other Debt Instruments		-	46.620.531	46.620.531	-	28.949.062	28.949.062
XV.	OTHER LIABILITIES	(6)	68.996.984	34.061.208	103.058.192	45.004.077	11.510.559	56.514.636
XVI.	SHAREHOLDERS' EQUITY	(13)	352.011.975	(20.763.292)	331.248.683	227.943.969	(25.464.106)	202.479.863
16.1	Paid-in capital		84.600.000	-	84.600.000	34.900.000	-	34.900.000
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		55.669.726	(7.985.220)	47.684.506	40.631.246	(5.661.848)	34.969.398
16.4	Accumulated Other Comprehensive Income or Expense Reclassified Through Profit or Loss		5.862.515	(12.778.072)	(6.915.557)	37.318.737	(19.802.258)	17.516.479
16.5	Profit Reserves		115.054.225	-	115.054.225	73.956.519	-	73.956.519
16.5.1	Legal Reserves		7.835.469	-	7.835.469	5.779.782	-	5.779.782
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		107.218.756	-	107.218.756	68.176.737	-	68.176.737
16.5.4	Other Profit Reserves		-	-	-	-	-	-
16.6	Profit or (Loss)		90.825.509	-	90.825.509	41.137.467	-	41.137.467
16.6.1	Prior Periods' Profit or (Loss)		974.029	-	974.029	45.090	-	45.090
16.6.2	Current Period Profit or (Loss)		89.851.480	-	89.851.480	41.092.377	-	41.092.377
TOTAL LIABILITIES			2.200.998.402	1.599.386.600	3.800.385.002	1.281.689.080	1.029.975.944	2.311.665.024

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF 31 DECEMBER 2023

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

IV. STATEMENT OF PROFIT OR LOSS INCOME AND EXPENSE ITEMS	Note (Section Five IV)	Current Period 1 January-31 December 2023	Prior Period 1 January-31 December 2022
I. INTEREST INCOME	(1)	427.254.664	220.630.224
1.1 Interest on Loans		264.246.950	121.726.287
1.2 Interest on Reserve Requirements		22.341	470.343
1.3 Interest on Banks		3.478.989	2.404.006
1.4 Interest on Money Market Transactions		2.015.617	89.958
1.5 Interest on Marketable Securities Portfolio		152.124.792	95.410.008
1.5.1 Fair Value Through Profit or Loss		991.341	655.595
1.5.2 Fair Value Through Other Comprehensive Income		92.747.555	66.921.876
1.5.3 Measured at Amortised Cost		58.385.896	27.832.537
1.6 Financial Lease Interest Income		-	-
1.7 Other Interest Income		5.365.975	529.622
II. INTEREST EXPENSE (-)	(2)	297.657.758	99.147.327
2.1 Interest on Deposits		265.808.045	73.694.340
2.2 Interest on Funds Borrowed		10.069.199	3.172.250
2.3 Interest Expense on Money Market Transactions		11.508.128	11.753.912
2.4 Interest on Securities Issued		5.252.550	2.858.366
2.5 Interest on Leases		556.064	211.378
2.6 Other Interest Expenses		4.463.772	7.457.081
III. NET INTEREST INCOME/EXPENSE (I - II)		129.596.906	121.482.897
IV. NET FEES AND COMMISSIONS INCOME		31.451.328	13.124.251
4.1 Fees and Commissions Received		46.352.994	17.769.588
4.1.1 Non-cash Loans		5.128.056	2.651.271
4.1.2 Other		41.224.938	15.118.317
4.2 Fees and Commissions Paid (-)		14.901.666	4.645.337
4.2.1 Non-cash Loans		1.389	985
4.2.2 Other		14.900.277	4.644.352
V. DIVIDEND INCOME	(3)	525.552	268.092
VI. TRADING PROFIT/(LOSS) (Net)	(4)	18.795.966	1.915.334
6.1 Trading Gains / (Losses) on Securities		3.758.881	2.371.746
6.2 Gains / (Losses) on Derivative Financial Transactions		(19.326.230)	(8.401.013)
6.3 Foreign Exchange Gains / (Losses)		34.363.315	7.944.601
VII. OTHER OPERATING INCOME	(5)	33.258.005	7.735.953
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)		213.627.757	144.526.527
IX. EXPECTED CREDIT LOSS (-)	(6)	30.669.895	29.545.406
X. OTHER PROVISION EXPENSES (-)	(6)	124.469	28.794.112
XI. PERSONNEL EXPENSE (-)		22.570.614	9.210.322
XII. OTHER OPERATING EXPENSES (-)	(7)	64.695.009	15.726.148
XIII. NET OPERATING PROFIT/(LOSS) (VIII-IX-X-XI-XII)		95.567.770	61.250.539
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XV. PROFIT/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XVI. PROFIT/(LOSS) ON NET MONETARY POSITION		-	-
XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	(9)	95.567.770	61.250.539
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(10)	(5.716.290)	(20.158.162)
18.1 Current Tax Provision		(22.305.447)	(30.324.299)
18.2 Deferred Tax Expense Effect (+)		(3.068.452)	(4.697.178)
18.3 Deferred Tax Income Effect (-)		19.657.609	14.863.315
XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	(11)	89.851.480	41.092.377
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-
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		-	-
XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-
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		-	-
XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1 Current Tax Provision		-	-
23.2 Deferred Tax Expense Effect (+)		-	-
23.3 Deferred Tax Income Effect (-)		-	-
XXIV. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV. NET PROFIT/(LOSS) (XIX+XXIV)	(12)	89.851.480	41.092.377
Earnings/(Loss) per share (in TL full)		1,237	1,343

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS OF 31 DECEMBER 2023

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

V. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Current Period	Prior Period
	1 January-31 December 2023	1 January-31 December 2022
I. PROFIT (LOSS)	89.851.480	41.092.377
II. OTHER COMPREHENSIVE INCOME	(11.756.689)	42.442.637
2.1 Other Comprehensive Income That Will Not Be Reclassified To Profit or Loss	12.675.347	19.090.343
2.1.1 Gains (Losses) on Revaluation of Property, Plant and Equipment	(1.050.428)	9.832.704
2.1.2 Gains (losses) on revaluation of Intangible Assets	-	-
2.1.3 Gains (losses) on remeasurements of defined benefit plans	1.750.452	(3.961.564)
2.1.4 Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	6.165.283	17.869.882
2.1.5 Taxes Relating to Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	5.810.040	(4.650.679)
2.2 Other Comprehensive Income That Will Be Reclassified to Profit or Loss	(24.432.036)	23.352.294
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	(33.292.881)	30.665.923
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 Relating to Components of Other Comprehensive Income That Will Be Reclassified to Profit Or Loss	8.860.845	(7.313.629)
III. TOTAL COMPREHENSIVE INCOME (I+II)	78.094.791	83.535.014

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 31 DECEMBER 2023

(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 Reserves	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				
CURRENT PERIOD														
31 December 2023														
I. Prior Period End Balance	34.900.000	-	-	-	13.239.005	(2.780.427)	24.510.820	-	17.516.479	-	73.956.519	41.137.467	-	202.479.863
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	34.900.000	-	-	-	13.239.005	(2.780.427)	24.510.820	-	17.516.479	-	73.956.519	41.137.467	-	202.479.863
IV. Total Comprehensive Income (loss)	-	-	-	-	(318.287)	1.410.678	11.582.956	-	(24.432.036)	-	-	-	89.851.480	78.094.791
V. Capital Increase in Cash	49.700.000	-	-	-	-	-	-	-	-	-	-	-	-	49.700.000
VI. Capital Increase Through Internal Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase / (decrease) Through Other Changes	-	-	-	-	-	-	-	-	-	-	-	974.029	-	974.029
XI. Profit Distribution	-	-	-	-	-	-	39.761	-	-	-	41.097.706	(41.137.467)	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	41.092.377	(41.092.377)	-	-
11.3 Other	-	-	-	-	-	-	39.761	-	-	-	5.329	(45.090)	-	-
Balance at the end of the period (III+IV+.....+X+XI)	84.600.000	-	-	-	12.920.718	(1.369.749)	36.133.537	-	(6.915.557)	-	115.054.225	974.029	89.851.480	331.248.683

1. Increases and decreases in Tangible 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.

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 Reserves	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				
					PRIOR PERIOD									
31 December 2022														
I. Prior Period End Balance	13.100.000	-	-	-	4.760.771	203.462	10.889.174	-	(5.835.815)	-	67.627.159	6.355.008	-	97.099.759
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	13.100.000	-	-	-	4.760.771	203.462	10.889.174	-	(5.835.815)	-	67.627.159	6.355.008	-	97.099.759
IV. Total Comprehensive Income (loss)	-	-	-	-	8.478.234	(2.983.889)	13.595.998	-	23.352.294	-	-	-	41.092.377	83.535.014
V. Capital Increase in Cash	21.800.000	-	-	-	-	-	-	-	-	-	-	-	-	21.800.000
VI. Capital Increase Through Internal Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes	-	-	-	-	-	-	-	-	-	-	-	45.090	-	45.090
XI. Profit Distribution	-	-	-	-	-	-	25.648	-	-	-	6.329.360	(6.355.008)	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	6.291.309	(6.291.309)	-	-	-
11.3 Other	-	-	-	-	-	-	25.648	-	-	38.051	(63.699)	-	-	-
Balance at the end of the period (III+IV+.....+X+XI)	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

- Increases and decreases in Tangible Assets Revaluation Reserve
- Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans
- 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)
- Exchange Differences on Translation
- Accumulated gains (losses) due to revaluation and/or reclassification of financial assets at fair value through other comprehensive income
- 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.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CASH FLOWS AS OF 31 DECEMBER 2023

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

VII. STATEMENT OF CASH FLOWS	Note (Section Five)	Current Period 1 January- 31 December 2023	Prior Period 1 January- 31 December 2022
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		6.521.625	67.733.997
1.1.1 Interest Received		335.621.154	179.020.646
1.1.2 Interest Paid		(252.503.974)	(91.764.043)
1.1.3 Dividend Received		525.552	268.092
1.1.4 Fees and Commissions Received		45.437.285	24.888.411
1.1.5 Other Income		10.978.251	5.535.844
1.1.6 Collections from Previously Written-off Loans and Other Receivables		4.683.498	5.006.546
1.1.7 Cash Payments to Personnel and Service Suppliers		(25.409.873)	(10.414.153)
1.1.8 Taxes Paid		(21.636.706)	(24.426.232)
1.1.9 Other		(91.173.562)	(20.381.114)
1.2 Changes in Operating Assets and Liabilities		340.538.249	116.833.398
1.2.1 Net (Increase) / Decrease in Financial Assets at Fair Value Through Profit or Loss		(31.841.448)	(6.292.383)
1.2.2 Net (Increase) / Decrease in Due from Banks and Other Financial Institutions		(59.287.657)	(64.563.387)
1.2.3 Net (Increase) / Decrease in Loans		(562.921.449)	(469.282.613)
1.2.4 Net (Increase) / Decrease in Other Assets		(15.497.584)	(24.540.989)
1.2.5 Net Increase / (Decrease) in Bank Deposits		(418.099)	19.870.382
1.2.6 Net Increase / (Decrease) in Other Deposits		907.178.683	708.251.687
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		58.113.976	24.779.504
1.2.9 Net Increase / (Decrease) in Payables		-	-
1.2.10 Net Increase / (Decrease) in Other Liabilities		45.211.827	(71.388.803)
I. Net Cash Provided from Banking Operation		347.059.874	184.567.395
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		(187.390.592)	(102.630.939)
2.1 Cash Paid For Acquisition of Investments, Associates, Subsidiaries and Entities under Common Control (Joint Venture)		(10.684.966)	(3.365.014)
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		(4.494.450)	(2.023.106)
2.4 Disposals of Property and Equipment		1.001.984	103.766
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(270.045.053)	(89.075.961)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		192.019.084	70.973.847
2.7 Purchase of Financial Assets Measured at Amortized Cost		(106.289.484)	(81.022.121)
2.8 Sale of Financial Assets Measured at Amortized Cost		11.102.293	1.775.900
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		53.260.064	14.287.974
3.1 Cash Obtained from Funds Borrowed and Securities Issued		19.050.953	2.678.838
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(14.207.896)	(9.705.529)
3.3 Issued Equity Instruments		49.700.000	21.800.000
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(1.282.993)	(485.335)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(1)	13.197.793	4.383.503
V. Net Increase in Cash and Cash Equivalents (I+II+III+IV)		226.127.139	100.607.933
VI. Cash and Cash Equivalents at Beginning of the Period	(1)	196.275.719	95.667.786
VII. Cash and Cash Equivalents at End of the Period	(1)	422.402.858	196.275.719

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

STATEMENT OF PROFIT DISTRIBUTION AS OF 31 DECEMBER 2023

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

VIII. STATEMENT OF PROFIT DISTRIBUTION (*)	Current Period 31 December 2023	Prior Period 31 December 2022
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 Current Year Income	95.567.770	61.250.539
1.2 Taxes And Duties Payable (-)	(5.716.290)	(20.158.162)
1.2.1 Corporate Tax (Income tax)	(22.305.447)	(30.324.299)
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties(**)	16.589.157	10.166.137
A. NET INCOME FOR THE YEAR (1.1-1.2)	89.851.480	41.092.377
1.3 Prior Year Losses (-)	-	-
1.4 First Legal Reserves (-)	-	2.054.619
1.5 Other Statutory Reserves (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	-	39.037.758
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	-	39.037.758
1.12 Other Reserves	-	-
1.13 Special Funds	-	-
II. DISTRIBUTION OF RESERVES		
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 (-)	-	-
III. EARNINGS PER SHARE		
3.1 To Owners of Ordinary Shares	1,237	1,343
3.2 To Owners of Ordinary Shares (%)	123,7	134,3
3.3 To Owners of Privileged Shares	-	-
3.4 To Owners of Privileged Shares (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 To Owners of Ordinary Shares	-	-
4.2 To Owners of Ordinary Shares (%)	-	-
4.3 To Owners of Privileged Shares	-	-
4.4 To Owners of Privileged Shares (%)	-	-

(*) Profit distribution is decided by the Ordinary General Assembly of the Bank. As of the date the financial statements were prepared, the General Assembly meeting for 2023 has not been held yet.

(**) Deferred tax income is shown in the other taxes and duties line.

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023**

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

The unconsolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” (“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”).

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”).

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 2023, 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.

On November 23, 2023, POA announced that, entities reporting under the TFRS should begin implementing "TAS - 29 Financial Reporting in Hyperinflationary Economies" standard in their financial statements, from periods ending on and after December 31, 2023. Besides, regulatory and auditing bodies that are authorized in their respective areas have flexibility to determine alternative transition dates for the application of TAS - 29. Within the scope of the decision dated December 12, 2023 and numbered 10744 by the BRSA, banks, financial leasing, factoring, financing, savings financing, and asset management companies are not subject to inflation adjustments required under TAS-29 in their financial statements as of December 31, 2023. Based on the decision dated January 11, 2024 and numbered 10825, these entities are required to implement inflation accounting starting from January 1, 2025.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued)

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, international sanctions against the Russian Federation and countermeasures implemented by Russia against them had significant effects on financial markets. Ziraat Bank (Moscow) JSC, the subsidiary of the bank, entered this process with a strong equity structure and high liquidity and did not encounter any difficulties.

The new measures and practices introduced by the Central Bank of Russia were especially aimed at reducing the 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 line 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 repercussions 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

As of 30 June 2023, the Bank has completed the necessary systemic infrastructure for switching to overnight interest rates in USD Libor indexed derivatives, money market instruments, bonds, loan products and risk management systems. As of 30 June 2023, alternative interest rates have started to be used in floating rate transactions. In terms of current transactions, the transition to alternative interest rates for interbank derivative transactions and money market transactions has been completed, and it does not have a significant impact on the Bank's financials.

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, 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 re-pricing date of sources is short, cost of sources is repriced in short periods based on the market conditions. Moreover, the Bank adopts higher return principle for its long-term placements.

Loans and securities are instruments from which the Bank gets returns above the average returns within its 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.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

The cost of foreign currency resources and the return on assets are closely monitored. Deposit interest rates are adjusted in line with market rates to maintain a positive profit margin.

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 regarding the investment hedge accounting for the operation abroad, which is applied to protect the total capital amount associated for this purpose, 346.853 thousand Euros (31 December 2022: 336.627 thousand Euros), from the effect of exchange rate risk arising from changes in foreign exchange rates, in the Fourth Chapter VIII. It is given in article no. The assets and liabilities of the Bank's branches established abroad are converted into Turkish currency at the Bank's counter foreign exchange buying rates valid on the balance sheet date.

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.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

Interest income and expenses 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) 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.

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 individual, 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 Amortised 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.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS(Continued)

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss;

- managed by a business model other than the business model aimed at holding contractual cash flows for collection and the business model aiming at collecting and selling contractual cash flows,
 - are obtained in order to profit from fluctuations in prices and similar factors in the short-term in the market, or are part of a portfolio aimed at making a profit in the short-term, regardless of the reason for the acquisition,
 - the terms of the contract for the financial asset do not result in cash flows that only include principal and interest payments on the principal balance at specified dates.
- are financial assets.

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 included in the profit/loss accounts, and the interest earned is shown in interest 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.

Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets are classified as financial assets at 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS(Continued)

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.

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.

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.

In calculating the expected loss provision for its loans, the Bank has also taken into account the possible difficulties that the uncertainties related to the earthquake disaster experienced on 6 February 2023 may cause in the cash flows or payments of the customers.

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:

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

Explanations on Expected Loss Provisions (Continued)

- 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. In accordance with TFRS 9, in the expected credit loss calculation, a certain part of commercial and corporate loans are obtained in accordance with internal policies, taking into account the threshold amounts determined for risk according to the bank's current classification policy and segment structure. The calculation is made by discounting the cash flows expected from the customer or collateral sales to their present value with the effective interest rate. 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, credit commitments and financial guarantee contracts.

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

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

- Probability-weighted and neutral amount determined by taking into account possible outcomes,
- Time value of the money,
- Reasonable and supportable information on past events, current conditions and forecast of future economic conditions at the time of reporting.

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

12 Month Expected Credit Losses (Stage 1)

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

Impairment (Continued)

Significant Increase in Credit Risk (Stage 2)

While the expected loss provision is calculated for 1 year for loans in the 1st stage, it is calculated by taking into account the entire remaining maturity for loans in the 2nd stage.

The basic criteria for the classification of financial assets in the second stage are as follows;

- Receivables with a delay of 30 days or more
- Restructring of the loan
- Close monitoring criteria in the Bank's Early Warning System
- Early warning note
- Significant increase in credit risk

In identifying customers with a significant increase in credit risk, the probability of default at the time of loan allocation/disbursement and the change in the probability of default produced by behavioral models as of the reporting date are taken into account. Customers whose changes exceed the determined threshold value are classified under the second group. Corporate loans are processed on a customer basis, while individual loans are processed on a product basis.

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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

Credit-Impaired Losses (Stage 3) (Continued)

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 the estimation are the Gross Domestic Product (GDP) and the Consumer Price Index (CPI), and the risk parameters are updated if deemed necessary, taking into account the 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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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%.

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

Property and equipment are measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. As of 31 January 2014, the 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 estate’s 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:

	Estimated Useful Lives (Year)	Amortization Rate
Buildings	50	2%
Safe-deposit boxes	50	2%
Other movable properties	3-15	33.33-6.66%
Assets held under leases	10	10%

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT (Continued)

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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIV. EXPLANATIONS ON LEASING TRANSACTIONS (Continued)

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.

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:

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

Employment Termination and Vacation Benefits (Continued)

The Bank uses independent actuaries in determining liability, and also makes assumptions about issues such as discount rate and inflation. As of 31 December 2023, retirement benefit obligation is TL 5.081.185 (31 December 2022: TL 5.997.944).

	Current Period	Prior Period
Discount Rate	28,00%	10,60%
Inflation	23,67%	10,08%

The Bank recognize its actuarial profit and loss under shareholders’ equity in accordance with the revised TAS 19 Turkish Accounting Standard for Employee Benefits, which entered into force as of 1 January 2013. The Bank has reclassified actuarial loss of TL 1.369.749 after deferred tax effect under shareholders’ equity in the financials (31 December 2022: TL 2.780.427 loss).

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

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

With the publication of the reasoning of the decision, the Grand National Assembly of 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.

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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 (Continued)

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 2023 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 15 April 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 is determined as 25%, and this rate will be effective as of 1 July 2022. It came into force to start with the declarations that must be submitted and to be applied to corporate earnings for accounting periods starting from 1 January 2022.

In accordance with Article 21 of the Law No. 7456 published in the Official Gazette dated 15 July 2023 and numbered 32249, starting from the declarations that must be submitted as of 1/10/2023; The corporate tax rate to be applied to the earnings of corporations in 2023 and the following taxation periods has been increased from 25% to 30% for banks and other institutions mentioned in the law. As of 31 December 2023, the corporate tax rate has been applied as 30% 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. An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case.

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. On the other hand, the exemption application for real estates held in the Bank's assets for at least two years was abolished with the 19th article of the Law No. 7456 published in the Official Gazette dated 15 July 2023 and numbered 32249, and in the 22nd article of the law “... The 50% rate in subparagraph (e) of the first paragraph of Article 5 is applied as 25% for the immovable sales earnings to be made after the effective date of this article.” and it has been announced that the exception rate will be 50% for sales made before 15 July 2023 and 25% for sales made after.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

Current Tax (Continued)

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

Taxes which 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 applicable in the condition of liquidation of business (Except transfers and divisions that make according to this code).

Moreover, according to 5.1.f. article of Corporation Tax Law; corporations which have been fallen to legal proceedings because of owe to the bank or Savings Deposit Insurance Funds, and their warranters' real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors' revenues that used for against debts or transferring to SDIF, 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 financial statements dated 31 December 2023 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. According to the 17th article of the Law No. 7491 on Amendments to Certain Laws and Decree Laws published in the Official Gazette No. 32413 dated 28 December 2023, banks are companies within the scope of the Financial Leasing, Factoring, Financing and Savings Finance Companies Law No. 6361 dated 21 November 2012. Profit/loss differences arising from the inflation adjustment to be made by payment and electronic money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies in the 2024 and 2025 accounting periods, including the provisional tax periods. It is regulated that the resulting profits or losses will not be taken into account in determining the corporate tax base. The President is authorized to extend the periods determined within the scope of this paragraph by one accounting period, including provisional tax periods.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

Current Tax (Continued)

With the Communiqué on Amendments to the Tax Procedure Law General Communiqué numbered 547 (sequence number 537), published in the Official Gazette numbered 32073 dated 14 January 2023, the procedures and principles of the articles of law allowing the revaluation of immovable properties and depreciable economic assets have been rearranged. Accordingly, the Bank has revalued the real estate and depreciable economic assets in its balance sheet until 30 September 2023, provided that the conditions stipulated in the Provisional Article 32 of the Tax Procedure Law and the Duplicate Article 298/ç are met. Since the financial statements were subject to inflation adjustment as of 31 December 2023, real estate and depreciable economic assets were not revalued as of 31 December 2023. Corporate tax is calculated by taking into account the depreciation allocated on the revalued values of real estate and depreciable economic assets until 30 September 2023.

Deferred Tax

The Bank calculates deferred tax for the temporary differences between the applied accounting policies and valuation principles and the tax base value determined in accordance with the tax legislation, in accordance with TAS 12 “Income Taxes Standard”, taking into account the additional regulation introduced with the Law No. 7316 dated 22 April 2021. and accounting.

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, with Article 26 of the Law No. 5520 With the paragraph added to the temporary article 13 of the Corporate Tax Law, the Corporate Tax rate was rearranged for the corporate earnings of the 2022 taxation period and it was stated that the tax rate would be applied as 25% for the banks. In accordance with Article 21 of Law No. 7456 published in the Official Gazette No. 32249 dated 15 July 2023, starting from the declarations that must be submitted as of October 1, 2023; The corporate tax rate to be applied to the profits of corporations in 2023 and the following taxation periods has been increased from 25% to 30% for banks and other institutions mentioned in the law.

Deferred tax liability or assets are determined by calculating the tax effects of the temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts taken into account in the calculation of the legal tax base, according to the balance sheet method, taking into account the enacted tax rates. In the calculation of deferred tax, the Bank estimates the time when temporary differences will be taxable/deductible and uses enacted tax rates as of the balance sheet date in accordance with the current tax legislation. As the deferred tax assets or liabilities within the scope of TAS 12 are calculated based on the tax rates (and tax laws) that are in effect or nearly effective 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, As of 31 December 2023, the Bank has deferred tax calculations were made based on rates varying 30% 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.

According to the temporary article 33 of the Tax Procedure Law, in the financial statements dated 31 December 2023, the tax effects arising from the inflation adjustment of corporate taxes are included in the deferred tax calculation as of 31 December 2023.

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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

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 31 January 2023 and numbered 10496, the Central Bank's foreign exchange buying rate of 31 December 2022 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.

As of 31 December 2023, Bank’s total regulatory capital has been calculated as TL 397.939.053 (31 December 2022: TL 244.685.816), capital adequacy ratio is 17,15% (31 December 2022: 16,53%). 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 2023	Prior Period 31 December 2022
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	84.600.000	34.900.000
Share issue premiums	-	-
Reserves	115.054.225	73.956.519
Gains recognized in equity as per TAS	63.382.758	81.600.342
Profit	90.825.509	41.137.467
Current Period Profit	89.851.480	41.092.377
Prior Period Profit	974.029	45.090
Shares acquired free of charge from subsidiaries, affiliates and entities under common control and cannot be recognized within profit for the period	1.127.113	279.341
Common Equity Tier 1 Capital Before Deductions	354.989.605	231.873.669
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	23.740.922	29.393.805
Improvement costs for operating leasing	11.624	10.269
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	3.705.265	2.272.601
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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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

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

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

	Current Period 31 December 2023	Prior Period 31 December 2022
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	-	-
Total Deductions from Common Equity Tier I Capital	27.457.811	31.676.675
Total Common Equity Tier I Capital	327.531.794	200.196.994
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	45.076.220	27.979.840
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	45.076.220	27.979.840
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items to be defined by the BRSA (-)	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	45.076.220	27.979.840
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	372.608.014	228.176.834
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	25.388.186	16.524.427
Tier II Capital Before Deductions	25.388.186	16.524.427
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	25.388.186	16.524.427
Total Capital (The sum of Tier I Capital and Tier II Capital)	397.996.200	244.701.261

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

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

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

	Current Period 31 December 2023	Prior Period 31 December 2022
Total Capital (The sum of Tier I Capital and Tier II Capital)	397.996.200	244.701.261
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	57.147	15.445
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	397.939.053	244.685.816
Total Risk Weighted Assets	2.320.739.731	1.480.273.848
CAPITAL ADEQUACY RATIOS		
CET 1 Capital Ratio (%)	14,11	13,52
Tier I Capital Ratio (%)	16,06	15,42
Capital Adequacy Ratio (%)	17,15	16,53
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	2,531	2,531
a) Capital conservation buffer requirement (%)	2,5	2,50
b) Bank specific countercyclical buffer requirement (%)	0,031	0,031
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	9,61	9,02
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	435.190	311.791
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	210.486	135.876
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	30.980.950	-
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per the thousand)	56.438.340	44.106.096
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	25.388.186	16.524.427
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Comminique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Comminique on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

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

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

2. Items Included in Capital Calculation

Information about instruments included in total capital calculation-Current Period	
Issuer	T.C Ziraat Bankası A.Ş.
Identifier (CUSIP, ISIN 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.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Eligible on unconsolidated and consolidated
Instrument type	Additional Capital Bond Issuance (Tier 1 Capital)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	45.076
Nominal value of instrument (TL million)	45.076
Accounting classification of the instrument	347001-Subordinated Debts
Original date of issuance	24 April 2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Issue date of the instrument	24 April 2019
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	Subject to the approval of the BRSA, a repayment option is available at the end of each 5-year period from the date of issue.
Subsequent call dates, if applicable	24 April 2024
Interest/dividend payment	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	First 5 years fixed 5,076%, next 5 years MS + 5,031% fixed
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	Fully discretionary
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
Convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger(s)	Yes. Article 7 of the Regulation on Bank Capital
If bond can be written-down, full or partial	Has full or partial write down feature
If bond can be written-down, permanent or temporary	Has permanent or temporary write down feature
If temporary write-down, description of write-up mechanism.	Has-write up mechanism
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.

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

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

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

	Current Period	Prior Period
Balance Sheet – Equity	331.248.683	202.479.863
Operational Leasing Development Costs	(11.624)	(10.269)
Goodwill and Other Intangible Assets and Related Deferred Taxes Liabilities	(3.705.265)	(2.272.601)
TIER 2 Capital (Provisions)	25.388.186	16.524.427
Debt Instruments and the Related Issuance Premiums Defined by the BRSA TIER 2 Capital (Provisions)	45.076.220	27.979.840
Other deductions from common equity	(57.147)	(15.445)
Other regulations	-	-
Amount recognized in regulatory capital	397.939.053	244.685.816

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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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (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 28% and 33% respectively (31 December 2022: 31% and 36%).

The percentage of top 100 and top 200 non-cash loans in the total non-cash loan portfolio is 51% and 62% respectively (31 December 2022: 50% and 62%).

The percentage of top 100 and top 200 cash and non-cash loans in the total cash and non-cash loan portfolio is 30% and 37% respectively (31 December 2022: 31% and 39%).

TFRS 9 expected loss provisions for the loans for the Stage 1 and Stage 2 are amounted TL 56.171.763 (31 December 2022: TL 44.002.849).

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (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 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
Domestic	1.305.205.357	6.939.816	32.315.902	-	-	31.069.672	908.852.817	644.516.607	286.345.884	4.601.922	185.560.018	-	-	-	1.078.541	2.359.573	93.486.922	3.502.333.031
European Union Countries	1.147.600	-	-	-	-	17.120.368	5.333.479	605.360	431.858	8.895	35.223	-	-	-	-	29	-	24.682.812
OECD Countries ⁽¹⁾	-	-	-	-	-	147.336.075	2.503.095	91.378	79.269	1.194	3.200	-	-	-	-	-	-	150.014.211
Off-shore Banking Regions	8	-	-	-	-	4.191.069	-	697	1.599	6	3	-	-	-	-	-	-	4.193.382
USA, Canada	-	-	-	-	-	8.128.592	2.026.701	49.708	59.721	3.195	3.494	-	-	-	-	-	-	10.271.411
Other Countries	8.537.060	1.690	24	-	-	18.321.793	7.583.364	1.509.367	690.828	356.751	4.652.339	-	-	-	-	78.402	14.474	41.746.092
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27.573.982	36.330.597	-	63.904.579
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1.314.890.025	6.941.506	32.315.926	-	-	226.167.569	926.299.456	646.773.117	287.609.159	4.971.963	190.254.277	-	-	-	28.652.523	38.768.601	93.501.396	3.797.145.518

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

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

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

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

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

II. EXPLANATIONS ON CREDIT RISK (Continued)

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

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 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
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 ⁽¹⁾	-	-	-	-	-	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 ⁽²⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	711.012.247	732.871	12.669.575	-	-	105.111.230	684.945.233	346.870.791	229.054.265	2.045.847	96.142.465	-	-	-	27.021.341	20.205.046	70.417.138	2.306.228.049

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

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

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

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

II. EXPLANATIONS ON CREDIT RISK (Continued)

3. Risk Profile by Sectors or Counterparties (Continued)

Prior 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	Risk Classes					TL	FC	Total			
											Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term from banks, brokerage houses and corporate	Investments similar to collective investment Funds				Investments in Equity Instruments	Other Receivables	
Sectors/Counter Parties																					
Agriculture	82	59.512	35.150				32.067.410	151.232.587	17.529.251	171.057	4.339.066	-	-	-	-	-	203.956.016	1.478.099	-	205.434.115	
Farming and Stockbreeding	5	59.512	35.150				30.887.803	150.608.304	17.442.092	169.715	4.298.892	-	-	-	-	-	202.620.874	880.599	-	203.501.473	
Forestry	77	-	-				162.855	511.958	52.862	708	4.271	-	-	-	-	-	710.808	21.923	-	732.731	
Fishing		-	-				1.016.752	112.325	34.297	634	35.903	-	-	-	-	-	624.334	575.577	-	1.199.911	
Manufacturing	129.541	1.104	8.273				296.842.879	28.496.203	2.724.212	301.369	25.935.368	-	-	-	-	-	299.998.041	144.440.908	-	354.438.949	
Mining and Quarrying		-	-				13.781.811	374.356	49.616	1.923	1.939.423	-	-	-	-	-	5.319.289	10.827.840	-	16.147.129	
Production	129.530	9	1.384				214.055.227	27.876.706	2.632.079	287.254	21.290.909	-	-	-	-	-	173.847.724	92.425.374	-	266.273.098	
Electric, Gas and Water	11	1.095	6.889				69.005.841	245.141	42.517	12.192	2.705.036	-	-	-	-	-	30.831.028	41.187.694	-	72.018.722	
Construction		-	-				76.705.593	8.698.490	2.662.512	114.591	6.086.853	-	-	-	-	303.180	45.004.621	49.564.598	-	94.569.219	
Services	291.479.555	19.759	978.124				105.110.837	257.946.455	52.881.868	7.620.920	313.110	21.766.559	-	-	-	26.717.979	19.569.454	70.417.138	320.072.564	534.749.194	854.821.758
Wholesale and Retail Trade		26	4.431				61.619.047	38.762.183	5.458.386	237.660	12.766.641	-	-	-	-	-	101.218.758	17.629.616	-	118.848.374	
Hotel Food and Beverage Services	13.886	35	2.452				17.088.891	3.302.831	584.852	27.472	940.636	-	-	-	-	-	8.608.780	13.352.275	-	21.961.055	
Transportation and Telecommunication		25	932.590				104.325.980	4.791.721	658.358	16.596	1.684.942	-	-	-	-	-	13.548.159	98.862.053	-	112.410.212	
Financial Institutions	289.045.698	-	8.941				103.385.043	7.521.761	22.815	1	4.543.161	-	-	-	-	25.725.418	17.333.231	70.417.138	160.545.307	557.255.900	517.801.207
Real Estate and Leasing Services	2.300.128	19.672	3.788				1.725.794	63.975.732	4.504.162	764.569	25.172	1.393.628	-	-	-	992.561	2.236.223	-	31.674.515	46.266.914	77.941.429
Self Employment Services		-	-				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education Services	120.403	-	17.670				1.309.211	552.806	43.978	2.983	151.875	-	-	-	-	-	1.512.910	686.016	-	2.198.926	
Health and Social Services	1.440	1	8.252				2.305.833	945.350	110.777	3.226	285.676	-	-	-	-	-	2.964.135	696.420	-	3.660.555	
Other	419.403.069	652.496	11.648.028				393	21.384.896	105.561.643	198.517.370	1.145.720	38.014.619	-	-	-	182	635.592	545.734.933	251.580.075	796.964.008	-
Total	711.012.247	732.871	12.669.575				105.111.230	684.945.233	346.870.791	229.054.265	2.045.847	96.142.465	-	-	-	27.021.341	20.205.046	70.417.138	1.324.406.175	981.821.874	2.306.228.049

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 (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
Exposure Classifications					
Conditional and unconditional exposures to central governments or central banks	180.148.779	7.147.223	47.215.052	20.694.521	1.059.684.450
Conditional and unconditional exposures to regional governments or local authorities	6.802	8.616	29.284	41.821	6.854.983
Conditional and unconditional receivables from administrative units and non-commercial enterprises	18.758	4.534	451.074	207.036	31.634.524
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	42.603.142	11.449.085	20.999.899	8.014.677	143.100.766
Conditional and unconditional exposures to corporates	27.265.776	39.006.000	36.650.037	258.066.284	565.311.359
Conditional and unconditional retail exposures	10.110.614	35.114.825	46.553.978	282.836.938	272.156.762
Conditional and unconditional exposures secured by real estate property	1.068.326	3.215.721	5.097.807	25.934.245	252.293.060
Past due receivables	2.537.303	278.132	353.056	487.019	1.316.453
Receivables defined in high risk category by BRSA	3.667.730	1.147.419	2.384.674	134.149.572	48.904.882
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	2.776	6.575	451.348	28.191.824
Investments in Equity Instruments	-	-	-	-	38.768.601
Grand Total	267.427.230	97.374.331	159.741.436	730.883.461	2.448.217.664

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
Exposure Classifications					
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	-	-	-	-	-
Securitization Positions	-	-	-	-	-
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
Grand Total	161.170.817	82.632.319	113.885.087	450.344.494	1.427.778.194

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 (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	1,325,028,748	-	83,629,129	-	-	274,508,390	774,537,703	1,149,910,209	120,967,825	-	68,563,514	3,774,036
2 Exposures after Credit Risk Mitigation	1,514,151,700	-	53,005,015	-	148,119,215	213,791,298	570,760,559	1,107,956,472	120,797,745	-	68,563,514	3,774,036

Prepared with the numbers after conversion rate to credit.

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

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	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.

(*) 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 (Stage 3)	
	Significant Increase in Credit Risk (Stage 2)		Provisions for Expected Credit Loss (IFRS)
Agriculture	8.833.843	750.019	775.443
Farming and Stockbreeding	8.758.327	735.295	762.386
Forestry	41.637	9.166	7.768
Fishery	33.879	5.558	5.289
Manufacturing	53.134.275	3.477.981	29.884.410
Mining and Quarrying	141.220	18.465	24.465
Production	46.372.681	2.839.325	26.296.552
Electricity, Gas and Water	6.620.374	620.191	3.563.393
Construction	13.391.092	8.469.883	12.370.637
Services	46.595.754	6.015.625	10.522.559
Wholesale and Retail Trade	15.481.040	2.535.686	2.628.406
Accommodation and Dining	8.316.169	464.901	933.659
Transportation and Telecom.	329.284	138.761	133.467
Financial Institutions	2.517	6.040	4.269
Real Estate and Rental Services	21.061.648	1.856.605	5.922.804
Professional Services	-	-	-
Educational Services	332.367	988.495	725.627
Health and Social Services	1.072.729	25.137	174.327
Other	15.727.898	4.207.445	5.461.662
Total	137.682.862	22.920.953	59.014.711

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**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023**

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

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

II. EXPLANATIONS ON CREDIT RISK (Continued)

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

Prior Period	Loans		Provisions
	Impaired (IFRS 9)	Non-performing loans	
	Significant Increase in Credit Risk (Stage 2)	(Stage 3)	Provisions for Expected Credit Loss (IFRS)
Agriculture	3.740.940	910.556	973.450
Farming and Stockbreeding	3.730.026	900.086	964.040
Forestry	6.166	5.067	4.560
Fishery	4.748	5.403	4.850
Manufacturing	35.387.983	2.103.218	16.421.902
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
Construction	8.542.835	3.005.429	5.884.659
Services	30.425.055	3.943.231	12.759.166
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
Other	8.535.351	3.738.457	4.205.533
Total	86.632.164	13.700.891	40.244.710

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	11.619.697	10.206.994	(4.771.894)	-	17.054.797
2	Stage 1 and 2 Expected Loss Provisions	36.335.940	23.423.604	(8.861.287)	-	50.898.257

	Prior 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

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

II. EXPLANATIONS ON CREDIT RISK (Continued)

8. Risks Included Capital Capacity Buffer Calculations

Current Period

Country	Banking Accounts RWA	Trading Accounts RWA	Total
Iraq	4.395.783	921.119	5.316.902
Turkish Republic of Northern Cyprus	4.522.575	-	4.522.575
USA	1.701.637	2.548.333	4.249.970
Kazakhstan	3.544.340	-	3.544.340
Germany	3.229.376	-	3.229.376
Azerbaijan	2.845.721	-	2.845.721
Holland	2.463.365	-	2.463.365
Bulgaria	2.328.741	-	2.328.741
Kosovo	1.928.043	222.278	2.150.321
Uzbekistan	1.826.974	-	1.826.974
Other	9.130.259	-	9.130.259

Prior Period

Country	Banking Accounts RWA	Trading Accounts RWA	Total
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

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

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.

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 Bank 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
22.12.2023	28,7758	31,7305	19,6020	4,2569	2,8839	33,7486	21,7311	2,8293	36,6133	7,6641	20,2464
25.12.2023	28,7842	31,6641	19,5795	4,2490	2,8710	33,5805	21,6953	2,8245	36,5020	7,6663	20,1985
26.12.2023	28,8984	31,8271	19,6534	4,2704	2,8758	33,7698	21,8604	2,8296	36,7003	7,6976	20,2754
27.12.2023	28,9541	32,0652	19,7899	4,3020	2,8958	34,0039	21,9423	2,8619	36,9163	7,7133	20,2880
28.12.2023	29,0154	32,1636	19,8188	4,3162	2,9139	34,6653	21,9706	2,8590	36,9898	7,7300	20,5822
29.12.2023	29,1205	32,1973	19,8068	4,3211	2,8988	34,6727	21,9885	2,8743	37,0415	7,7580	20,5612

5. Simply 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
	28,1270	30,2164	18,2877	4,0525	2,6391	31,6983	20,6379	2,5981	34,8540	7,4861	19,0193

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

III. EXPLANATIONS ON THE CURRENCY RISK (Continued)

6. Information on The Foreign Currency Risk of The Bank

	EUR	USD	Other FC	Total
Current Period				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Türkiye	151.275.079	195.358.283	47.757.009	394.390.371
Banks ⁽⁶⁾	5.556.411	17.278.912	12.750.400	35.585.723
Financial Assets at Fair Value Through Profit and Loss	-	7.400.207	49.333.979	56.734.186
Money Markets Receivables	128.907	-	-	128.907
Financial Assets at Fair Value Through Other Comprehensive Income	22.163.803	308.103.479	445.807	330.713.089
Loans ⁽¹⁾	262.934.129	264.737.798	2.180.392	529.852.319
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures)	6.613.124	7.126.291	-	13.739.415
Financial Assets Measured at Amortised Cost	56.799.198	15.779.144	152.703	72.731.045
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	76.179	11.853	89.958	177.990
Intangible Assets	18.420	14.869	29.837	63.126
Other Assets ⁽³⁾	3.391.141	7.751.981	309.615	11.452.737
Total Assets ⁽⁴⁾	508.956.391	823.562.817	113.049.700	1.445.568.908
Liabilities				
Interbank Deposits	42.769.473	4.982.933	1.490.136	49.242.542
Foreign Currency Deposits	493.001.439	468.065.083	198.306.907	1.159.373.429
Money Market Borrowings	-	78.303.138	-	78.303.138
Funds Provided from Other Financial Institutions	86.054.374	110.814.840	2.864.585	199.733.799
Issued Marketable Securities ⁽⁵⁾	46.620.531	46.192.885	-	92.813.416
Miscellaneous Payables	10.898.219	5.848.740	83.709	16.830.668
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	4.005.736	13.763.573	6.083.591	23.852.900
Total Liabilities	683.349.772	727.971.192	208.828.928	1.620.149.892
Net Balance Sheet Position	(174.393.381)	95.591.625	(95.779.228)	(174.580.984)
Net Off-Balance Sheet Position ⁽²⁾	174.285.731	(54.114.220)	96.796.549	216.968.060
Financial Derivative Assets	212.839.884	299.845.051	105.117.310	617.802.245
Financial Derivative Liabilities	38.554.153	353.959.271	8.320.761	400.834.185
Non-Cash Loans	173.785.941	268.433.911	47.286.408	489.506.260
Prior Period				
Total Assets	302.354.197	625.330.476	71.218.584	998.903.257
Total Liabilities	435.412.765	504.715.466	115.311.819	1.055.440.050
Net Balance Sheet Position	(133.058.568)	120.615.010	(44.093.235)	(56.536.793)
Net Off-Balance Sheet Position ⁽²⁾	130.762.635	(114.769.780)	44.630.485	60.623.340
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
Non-Cash Loans	96.706.419	155.445.406	23.085.878	275.237.703

(1) TL 6.269 equivalent of loans granted is USD and there is no EUR balance (31 December 2022: TL 26.837 equivalent of US Dollars and TL 6.049 equivalent EUR balance of the loans given are from foreign currency indexed loans.).

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

(3) Prepaid expenses in other assets amounting to TL 160.959 are not included in the table. (31 Aralık 2022: Prepaid expenses amounting to TL 18.955 within other assets 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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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

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 one year accounting periods ending on 31 December 2023 and 31 December 2022 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 2023		Prior Period – 31 December 2022	
	Profit/Loss Statement	Equity (*)	Profit/Loss Statement	Equity (*)
USD	3.733.041	3.020.412	60.803	(396.729)
EUR	(879.391)	(1.540.703)	(284.588)	(618.416)
Other currencies	96.891	96.891	12.062	12.062
Total (Net) (**)	2.950.541	1.576.600	(211.723)	(1.003.083)

(*) Equity effect also includes the effect of the profit or loss to occur due to the 10% depreciation of the 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 one year accounting periods ending on 31 December 2023 and 31 December 2022 is shown in the table below.

	Current Period – 31 December 2023		Prior Period – 31 December 2022	
	Profit/Loss Statement	Equity (*)	Profit/Loss Statement	Equity (*)
USD	(3.733.041)	(3.020.412)	(60.803)	396.729
EUR	879.391	1.540.703	284.588	618.416
Other currencies	(96.891)	(96.891)	(12.062)	(12.062)
Total (Net) (**)	(2.950.541)	(1.576.600)	211.723	1.003.083

(*) Equity effect also includes the effect of the profit or loss to occur due to the 10% appreciation of the 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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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

IV. EXPLANATIONS ON THE INTEREST RATE RISK

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

(Based on days to repricing dates)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Türkiye	139.306.543	-	-	-	-	402.047.985	541.354.528
Banks ⁽⁷⁾	9.610.065	144.513	-	-	-	29.291.607	39.046.185
Financial Assets at Fair Value Through Profit and Loss	152.430	17.552.911	20.362.348	12.187.879	4.286.324	11.842.555	66.384.447
Money Markets Receivables	150.911.409	-	-	-	-	-	150.911.409
Financial Assets at Fair Value Through Other Comprehensive Income	130.077.474	51.370.176	110.280.474	176.038.121	117.037.547	4.571.532	589.375.324
Loans Given ⁽³⁾	769.020.303	252.542.388	355.397.113	435.351.791	85.440.900	5.866.156	1.903.618.651
Financial Assets Measured at Amortised Cost	34.898.144	69.387.096	93.098.615	49.895.561	78.135.344	-	325.414.760
Other Assets ⁽²⁾	4.596.451	4.451.961	1.555.238	309.374	38.028	173.328.646	184.279.698
Total Assets ⁽¹⁾⁽⁵⁾	1.238.572.819	395.449.045	580.693.788	673.782.726	284.938.143	626.948.481	3.800.385.002
Liabilities							
Interbank Deposits	48.298.872	31.435.472	-	-	-	8.832.882	88.567.226
Other Deposits	1.372.775.573	302.110.779	283.725.985	7.504.899	53.245	880.585.374	2.846.755.855
Money Market Borrowings	22.908.925	7.535.254	8.781.615	44.110.982	-	-	83.336.776
Miscellaneous Payables	-	-	-	-	-	65.128.299	65.128.299
Issued Marketable Securities ⁽⁶⁾	995.039	1.456.303	53.620.034	37.737.080	-	-	93.808.456
Funds Provided from Other Financial Institutions	73.279.984	82.977.496	30.883.571	12.489.573	584.531	-	200.215.155
Other Liabilities ⁽⁴⁾	1.355.878	629.293	1.624.909	2.585.046	1.316.121	415.061.988	422.573.235
Total Liabilities ⁽¹⁾	1.519.614.271	426.144.597	378.636.114	104.427.580	1.953.897	1.369.608.543	3.800.385.002
Balance Sheet Long Position	-	-	202.057.674	569.355.146	282.984.246	-	1.054.397.066
Balance Sheet Short Position	(281.041.452)	(30.695.552)	-	-	-	(742.660.062)	1.054.397.066
Off-Balance Sheet Long Position	1.710.407	-	1.577	655.969	-	-	2.367.953
Off-Balance Sheet Short Position	-	(1.771.415)	-	-	(1.015.345)	-	(2.786.760)
Total Position	(279.331.045)	(32.466.967)	202.059.251	570.011.115	281.968.901	(742.660.062)	(418.807)

(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 (Continued)

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
Assets							
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	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 ⁽³⁾	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 ⁽²⁾	4.570.330	2.350.830	2.072.668	386.820	71.640	104.275.185	113.727.473
Total Assets ⁽¹⁾⁽⁵⁾	585.196.687	209.494.742	416.459.405	441.033.980	185.933.016	473.547.194	2.311.665.024
Liabilities							
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 ⁽⁶⁾	-	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 ⁽⁴⁾	580.697	716.088	1.868.940	871.365	562.349	280.406.954	285.006.393
Total Liabilities ⁽¹⁾	875.167.846	319.004.348	157.778.621	64.966.149	4.154.131	890.593.929	2.311.665.024
Balance Sheet Long Position	-	-	258.680.784	376.067.831	181.778.885	-	816.527.500
Balance Sheet Short Position	(289.971.159)	(109.509.606)	-	-	-	(417.046.735)	(816.527.500)
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)
Total Position	(286.366.971)	(106.825.080)	258.943.409	376.067.831	180.763.540	(417.046.735)	5.535.994

⁽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.

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

IV. EXPLANATIONS ON THE INTEREST RATE RISK (Continued)

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

	EUR	USD	JPY	TL
Current Period				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Türkiye	-	-	-	-
Banks	4,55	5,65	-	43,50
Financial Assets at Fair Value Through Profit or Loss	-	5,36	-	-
Money Market Receivables	-	-	-	42,95
Financial Assets at Fair Value Through Other Comprehensive Income	3,70	6,18	-	24,85
Loans Given ⁽¹⁾	7,71	9,06	-	27,89
Financial Assets Measured at Amortised Cost	4,55	8,39	-	17,81
Liabilities				
Interbank Deposits	4,87	5,65	-	43,61
Other Deposits	1,59	3,44	-	37,11
Money Market Borrowings	-	7,62	-	36,53
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities ⁽²⁾	5,08	6,89	-	36,38
Funds Provided from Other Financial Institutions	6,71	7,72	-	34,74

⁽¹⁾ Credit card loan balances are not included.

⁽²⁾ Subordinated debt instruments are included.

	EUR	USD	JPY	TL
Prior Period				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of 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 Income	3,70	5,16	-	26,73
Loans Given ⁽¹⁾	5,83	7,71	-	13,59
Financial Assets Measured at Amortised Cost	4,66	7,58	-	15,90
Liabilities				
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 ⁽²⁾	5,08	5,05	-	16,99
Funds Provided from Other Financial Institutions	2,84	4,85	-	8,83

⁽¹⁾ Credit card loan balances are not included.

⁽²⁾ Subordinated debt instruments are included.

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

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	3.802.478	3.802.478	3.802.478
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	16.453.029	16.453.029	16.453.029
Traded on Stock Exchange	16.453.029	16.453.029	16.453.029
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other ⁽¹⁾	2.483.448	2.483.448	-

⁽¹⁾ The mentioned 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	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 ⁽¹⁾	927.626	927.626	-

⁽¹⁾ The mentioned 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 2.483.448 and all of them are 100% risk weighted (31 December 2022: are amounted TL 927.626 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 Supplementary Capital	Total	Included in Supplementary Capital	Included in Contribution Capital
1. Private Capital Investments	-	-	-	-	-	-
2. Publicly Traded Stocks	-	15.992.017	15.992.017	-	-	-
3. Other Stocks	-	1.922.777	1.922.777	-	-	-
Total	-	17.914.794	17.914.794	-	-	-

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

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

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 2023

Liquidity Coverage Ratio	FC		TL+FC	
	Date	Ratio	Date	Ratio
The Lowest	6 October 2023	328,11	6 October 2023	168,53
The Highest	17 November 2023	503,49	29 December 2023	203,73

Prior Period - 31 December 2022

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

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**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023**

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

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

2. Liquidity Coverage Ratio (Continued)

Current Period	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			1.012.526.104	459.782.024
CASH OUTFLOWS				
Retail and Small Business Customers, of which;	1.651.122.177	706.980.492	146.130.892	70.698.049
Stable deposits	379.626.518	-	18.981.326	-
Less stable deposits	1.271.495.659	706.980.492	127.149.566	70.698.049
Unsecured wholesale funding, of which;	1.036.174.936	427.398.825	485.867.320	207.424.998
Operational deposit	33.027.757	4.303.648	8.256.939	1.075.912
Non-operational deposits	871.017.916	371.286.614	375.670.600	155.153.998
Other unsecured funding	132.129.263	51.808.563	101.939.781	51.195.088
Secured funding			-	-
Other cash outflows, of which;	613.516.305	59.112.625	71.464.229	27.115.027
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	21.558.419	21.643.587	21.558.419	21.643.587
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	591.957.886	37.469.038	49.905.810	5.471.440
Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	195.761.229	126.781.603	10.907.355	6.339.080
TOTAL CASH OUTFLOWS			714.369.796	311.577.154
CASH INFLOWS				
Secured lending	-	-	-	-
Unsecured lending	202.943.379	89.903.418	149.401.601	76.184.700
Other cash inflows	5.637.630	106.335.847	5.637.630	106.335.847
TOTAL CASH INFLOW	208.581.009	196.239.265	155.039.231	182.520.547
			Upper Limit Applied Values	
TOTAL HQLA STOCK			1.012.526.104	459.782.024
TOTAL NET CASH OUTFLOWS			559.330.565	129.056.607
LIQUIDITY COVERAGE RATIO (%)			181,02	356,26

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

Prior Period	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			667.210.887	425.824.875
CASH OUTFLOWS				
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
TOTAL CASH OUTFLOWS			434.722.939	234.719.070
CASH INFLOWS				
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
TOTAL CASH INFLOW	125.465.290	142.899.878	85.184.752	127.802.051
			Upper Limit Applied Amounts	
TOTAL HQLA STOCK			667.210.887	425.824.875
TOTAL NET CASH OUTFLOWS			349.538.187	106.917.019
LIQUIDITY COVERAGE RATIO (%)			190,88	398,28

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

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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 ⁽¹⁾	Total
Current Period								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Türkiye	234.113.009	307.241.519	-	-	-	-	-	541.354.528
Banks ⁽⁴⁾	29.291.607	9.610.065	144.513	-	-	-	-	39.046.185
Financial Assets at Fair Value Through Profit and Loss	-	152.430	17.552.911	20.362.348	12.187.879	4.286.324	11.842.555	66.384.447
Money Market Receivables	-	150.911.409	-	-	-	-	-	150.911.409
Financial Assets at Fair Value Through Other Comprehensive Income	-	46.797.624	20.015.540	76.573.573	307.372.279	136.132.862	2.483.446	589.375.324
Loans Given	-	70.577.112	223.819.418	850.841.788	564.786.614	187.727.563	5.866.156	1.903.618.651
Investments Held-to-Maturity	-	1.404.407	36.847.004	80.574.957	92.364.030	114.224.362	-	325.414.760
Other Assets	26.839.299	4.596.451	4.451.961	1.591.666	309.374	38.028	146.452.919	184.279.698
Total Assets⁽²⁾	290.243.915	591.291.017	302.831.347	1.029.944.332	977.020.176	442.409.139	166.645.076	3.800.385.002
Liabilities								
Interbank Deposits	8.832.882	48.298.872	31.435.472	-	-	-	-	88.567.226
Other Deposits	880.585.374	1.371.478.141	302.804.604	284.214.968	7.616.628	56.140	-	2.846.755.855
Funds Provided from Other Financial Institutions	-	11.697.179	4.258.052	68.756.946	106.208.960	9.294.018	-	200.215.155
Money Market Borrowings	-	22.908.925	7.535.254	8.781.615	44.110.982	-	-	83.336.776
Issued Marketable Securities ⁽³⁾	-	995.039	1.456.303	53.620.034	37.737.080	-	-	93.808.456
Miscellaneous Payables	23.718.467	41.409.832	-	-	-	-	-	65.128.299
Other Liabilities	34.754.382	6.213.007	6.554.880	1.624.909	2.585.046	725.2956	363.588.055	422.573.235
Total Liabilities	947.891.105	1.503.000.995	354.044.565	416.998.472	198.258.696	16.603.114	363.588.055	3.800.385.002
Liquidity Gap	(657.647.190)	(911.709.978)	(51.213.218)	612.945.860	778.761.480	425.806.025	(196.942.979)	-
Net Off-Balance Sheet Position	-	982.397	(7.203.844)	1.577	(53.931)	4.080.743	-	(2.193.058)
Financial Derivative Assets	-	372.766.405	185.144.272	6.034.429	5.200.668	5.096.088	-	574.241.862
Financial Derivative Liabilities	-	371.784.008	192.348.116	6.032.852	5.254.599	1.015.345	-	576.434.920
Non-cash Loans	214.779.913	33.695.785	58.477.210	238.257.663	164.235.011	78.907.332	-	788.352.914
Prior Period								
Total Assets	205.330.392	291.622.138	153.335.296	610.555.422	624.309.201	326.266.694	100.245.881	2.311.665.024
Total Liabilities	600.828.709	877.437.493	287.231.979	182.450.543	95.449.741	17.986.828	250.279.731	2.311.665.024
Liquidity Gap	(395.498.317)	(585.815.355)	(133.896.683)	428.104.879	528.859.460	308.279.866	(150.033.850)	-
Net Off-Balance Sheet Position	-	3.136.730	(120.249)	262.625	-	2.256.893	-	5.535.999
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
Non-cash Loans	121.162.934	13.767.347	43.662.871	137.071.719	84.474.216	14.515.564	-	414.654.651

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

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

5. Representation of Financial Liabilities by Remaining Contractual Maturities

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	More than 5 Years	Total
Banks Deposit	57.019.148	31.823.997	-	-	-	88.843.145
Other Deposits	2.259.751.246	313.778.627	308.710.910	9.154.272	58.383	2.891.453.438
Funds Provided to Other Financial Institutions	11.904.962	5.133.611	75.603.843	115.378.697	10.077.536	218.098.649
Payables to Money Markets	22.961.009	7.610.695	9.133.530	51.803.867	-	91.509.101
Total	2.351.636.365	358.346.930	393.448.283	176.336.836	10.135.919	3.289.904.333
Prior Period						
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
Total	1.427.136.232	283.776.742	173.271.052	55.116.244	11.378.562	1.950.678.832

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 6,85% (31 December 2022: 7,58%). The regulation sentenced the minimum leverage ratio as 3%.

Balance sheet assets	Current Period (*)	Prior Period (*)
On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	3.604.441.683	2.216.761.493
(Assets deducted in determining Tier 1 capital)	(36.242.876)	(28.827.832)
Total on-balance sheet risks (sum of lines 1 and 2)	3.568.198.807	2.187.933.661
Derivative financial instruments and credit derivatives		
Replacement cost associated with all derivative financial instruments and credit derivatives	11.444.922	8.549.253
Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	13.630.532	7.697.119
Total risks of derivative financial instruments and credit derivatives	25.075.454	16.246.372
Securities or commodity financing transactions (SCFT)		
Risks from SCFT assets(Excluding the balance sheet)	89.467.451	40.472.923
Risks from brokerage activities related exposures	-	-
Total risks related with securities or commodity financing transactions	89.467.451	40.472.923
Other off-balance sheet transactions		
Gross notional amounts of off-balance sheet transactions	1.345.022.909	623.647.421
(Adjustments for conversion to credit equivalent amounts)	-	-
Total risks of off-balance sheet items	1.345.022.909	623.647.421
Capital and total risks		
Tier 1 capital	344.198.784	217.487.486
Total risks	5.027.764.621	2.868.300.377
Leverage ratio		
Leverage ratio %	6,85	7,58

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

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

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.

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 Process (ICAAP) Regulation approved by the Board of Directors, Risk Appetite Statement Regulation, Risk Management Regulation, Stress Test Regulation and Validation Regulation.

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

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 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) (Continued)

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

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.

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

VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

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

1.1. Bank's Risk Management Approach (Continued)

Principal elements and scope of risk measurement system (Continued)

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

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

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

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

The amount subject to the total market risk is calculated through the standard method. Furthermore, value at risk forecasts 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 behavioural 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 behavioural maturities assets and liabilities and the effects of the usual and unusual changes in interest rates which is possibly uptrend and downtrend.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

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

1.1. Bank's Risk Management Approach (Continued)

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

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

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

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

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

Overview of Risk Weighted Amounts

		Risk Weighted Amount		Minimum capital Requirement
		Current Period	Prior Period	Current Period
1	Credit Risk (excluding counterparty credit risk)	1.965.549.599	1.267.703.360	157.243.968
2	Standardized approach	1.965.549.599	1.267.703.360	157.243.968
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	36.864.018	27.821.921	2.949.121
5	Standardized approach for counterparty credit risk	36.864.018	27.821.921	2.949.121
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	28.641.253	26.428.914	2.291.300
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	160.843.457	102.338.444	12.867.477
17	Standardized approach	160.843.457	102.338.444	12.867.477
18	Internal model approaches	-	-	-
19	Operational risk	128.841.404	55.981.209	10.307.312
20	Basic Indicator approach	128.841.404	55.981.209	10.307.312
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	2.320.739.731	1.480.273.848	185.659.178

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

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 (*)	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 framework	Subject to the market risk framework	
Assets						
Cash and Balances at Central Bank	541.354.528	541.354.528	-	-	-	-
Banks	39.046.185	39.046.185	-	-	-	-
Receivables from Money Markets	150.911.409	150.911.409	-	-	-	-
Financial Assets Measured at Fair Value to Profit or Loss	66.384.447	-	-	-	66.384.447	-
Financial Assets Measured at Fair Value to Other Comprehensive Income	589.375.324	534.591.308	102.193.100	-	54.783.607	-
Financial Assets Measured at Amortized Cost	325.414.760	325.414.760	9.155.480	-	-	-
Derivative Financial Assets	10.534.004	-	10.534.004	-	-	-
Loans (Net)	1.903.618.651	1.954.459.759	-	-	-	57.147
Investments in Associates (Net)	336.152	336.152	-	-	-	-
Investments in Subsidiaries (Net)	61.628.357	61.628.357	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	534.295	534.295	-	-	-	-
Receivables Form Leasing Transactions	-	-	-	-	-	-
Tangible Assets (Net)	19.968.791	19.957.167	-	-	-	11.624
Intangible Assets (Net)	3.705.265	-	-	-	-	3.705.265
Investment Properties (Net)	-	-	-	-	-	-
Tax Asset	31.017.378	31.017.378	-	-	-	-
Non-Currents Assets or Disposal Groups "Held for Sale" And "From Discontinued Operations (Net)	5.784.694	5.784.694	-	-	-	-
Other Assets	50.770.762	50.770.762	-	-	-	-
Total Assets	3.800.385.002	3.715.806.754	121.882.584	-	121.168.054	3.774.036
Liabilities						
Deposits	2.935.323.081	-	-	-	-	-
Funds Borrowed	200.215.155	-	60.723.379	-	-	-
Money Markets	83.336.776	-	83.336.776	-	-	-
Securities Issued (Net)	47.187.925	-	-	-	-	-
Funds	24.055	-	-	-	-	-
Derivative Financial Liabilities	3.636.157	-	-	-	-	-
Factoring Liabilities	-	-	-	-	-	-
Other Liabilities	103.058.192	-	-	-	-	-
Factoring Liabilities	3.851.035	-	-	-	-	-
Provisions	35.100.695	-	-	-	-	-
Tax Liability	10.782.717	-	-	-	-	-
Non-Currents Liabilities or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	-	-	-	-	-	-
Subordinated Debt Instruments	46.620.531	-	-	-	-	-
Equity	331.248.683	-	-	-	-	-
Total Liabilities	3.800.385.002	-	144.060.155	-	-	-

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

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

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	
Assets						
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	-	-	-
Loans (Net)	1.218.395.213	1.254.715.708	-	-	-	15.445
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	-	-	-	-
Total Assets	2.311.665.024	2.218.369.873	114.614.370	-	118.455.633	2.298.315
Liabilities						
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	-	-	-	-	-
Total Liabilities	2.311.665.024	-	86.174.500	-	-	-

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

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

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

VIII. EXPLANATIONS ON 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

Current Period	Total	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework
Asset carrying value amount under scope of regulatory consolidation	3.800.385.002	3.715.806.754	121.882.584	121.168.054
Liabilities carrying value amount under regulatory scope of consolidation	-	-	144.060.155	-
Total net amount under regulatory scope of consolidation	3.800.385.002	3.715.806.754	(22.177.571)	121.168.054
Off-balance sheet amounts	2.037.616.141	491.238.475	693.324.808	-
Valuation Differences	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	-	-	-	-
Differences due to consideration of provisions	-	-	-	-
Differences due to prudential filters	-	-	-	-
Amount of Risk	5.838.001.143	4.207.045.229	671.147.237	121.168.054

Prior Period	Total	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework
Asset carrying value amount under scope of regulatory consolidation	2.311.665.024	2.218.369.873	114.614.370	118.455.633
Liabilities carrying value amount under regulatory scope of consolidation	-	-	86.174.500	-
Total net amount under regulatory scope of consolidation	2.311.665.024	2.218.369.873	28.439.870	118.455.633
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	-	-	-	-
Amount of Risk	3.300.273.266	2.477.358.271	414.559.277	118.455.633

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

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

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

VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

3.6. Credit Quality of Assets

Current Period	Gross amount valued in accordance with TAS included in the financial statements prepared according to legal consolidation		Allowances/ Amortization and impairments	Net values
	Defaulted	Non-defaulted		
Loans	22.920.953	1.948.650.752	67.953.054	1.903.618.651
Debt Securities	-	68.207.954	122.721	68.085.233
Off-balance sheet exposures	5.988.369	1.441.255.741	8.589.268	1.438.654.842
Total	28.909.322	3.458.114.447	76.665.043	3.410.358.726

Prior Period	Gross amount valued in accordance with TAS included in the financial statements prepared according to legal consolidation		Allowances/ Amortization and impairments	Net values
	Defaulted	Non-defaulted		
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
Total	15.100.919	2.368.871.418	71.715.020	2.312.257.317

3.7. Changes on Defaulted Loans and Debt Securities

		Current Period	Prior Period
1	Defaulted loans and debt securities at end of the previous reporting period	13.700.891	15.140.631
2	Loans and debt securities that have defaulted since the last reporting period	14.606.046	4.603.925
3	Returned to non-defaulted status	(698.512)	(1.037.119)
4	Amounts written off	(3.974)	-
5	Other changes	(4.683.498)	(5.006.546)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) (*) definitions (*)	22.920.953	13.700.891

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

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

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 that is not considered within the scope of "allocation of provision" among deferred receivables (over 90 days) and 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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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

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

Current Period	Loans and Receivables	Non-Performing Loans	Expected Loss Provisions	Total
Domestic	1.928.740.855	22.202.044	67.384.061	1.883.558.838
European Union Countries	6.216.286	93.048	146.237	6.163.097
USA, Canada	109.565	4.534	5.026	109.073
OECD Countries ⁽¹⁾	3.276.077	-	78.219	3.197.858
Off-Shore Banking Regions	-	-	-	-
Other	10.307.969	621.327	339.511	10.589.785
Total	1.948.650.752	22.920.953	67.953.054	1.903.618.651

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

Prior Period	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 ⁽¹⁾	1.632.289	-	4.694	1.627.595
Off-Shore Banking Regions	-	-	-	-
Other	6.987.286	41.994	107.603	6.921.677
Total	1.252.649.959	13.700.891	47.955.637	1.218.395.213

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

Current Period	Loans and Receivables	Non-Performing Loans	Expected Loss Provisions	Total
Agriculture	520.854.662	750.019	3.017.838	518.586.843
Farming and Stockbreeding	516.184.512	735.295	2.993.485	513.926.322
Forestry	1.134.782	9.166	15.415	1.128.533
Fishing	3.535.368	5.558	8.938	3.531.988
Manufacturing	434.961.603	3.477.981	31.409.701	407.029.883
Mining and Quarrying	27.667.560	18.465	60.717	27.625.308
Production	326.623.694	2.839.325	27.282.647	302.180.372
Electric, Gas and Water	80.670.349	620.191	4.066.337	77.224.203
Construction	168.145.590	8.469.883	13.086.379	163.529.094
Services	363.999.700	6.015.625	12.556.702	357.458.623
Wholesale and Retail Trade	137.358.995	2.535.686	3.175.681	136.719.000
Hotel Food and Beverage				
Services	35.982.966	464.901	1.125.297	35.322.570
Transportation and Telecommunication	41.250.963	138.761	216.711	41.173.013
Financial Institutions	19.035.475	6.040	43.018	18.998.497
Real Estate and Leasing Services	122.922.387	1.856.605	7.043.337	117.735.655
Self-Employment Services	-	-	-	-
Education Services	2.139.593	988.495	735.307	2.392.781
Health and Social Services	5.309.321	25.137	217.351	5.117.107
Other	460.689.197	4.207.445	7.882.434	457.014.208
Total	1.948.650.752	22.920.953	67.953.054	1.903.618.651

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

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

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 (Continued)

Prior Period	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
Total	1.252.649.959	13.700.891	47.955.637	1.218.395.213

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

Aging Analysis for Overdue Receivables

Days Past Due	Current Period	Prior Period
1-30 Days	14.820.576	3.118.259
31-60 Days	2.150.820	1.367.635
61-90 Days	1.352.428	822.700
90 +	15.303	69.803
Total	18.339.127	5.378.397

Loans under close monitoring amounting to TL 119.343.735 (31 December 2022: TL 81.253.767) are not overdue.

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

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 110.351.241, a portion of TL 108.423.827 consists of performing loans and remaining portion of TL 1.927.414 consists of non-performing loans. The total amount of first and second stage expected loss provisions allocated for non-performing loans is TL 37.164.518 and the third stage expected loss provision for non-performing loans is TL 1.015.366. (31 December 2022: Out of the Bank's total restructured loans amounting to TL 77.037.963, a portion of TL 75.581.370 consists of performing loans and remaining portion of TL 1.456.593 consists of non-performing loans. Total first and second stage expected loss provision for structured loans is TL 27.016.905 and third stage expected loss provision amount allocated for non-performing loans is TL 1.132.408.)

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	1.259.383.252	487.896.094	87.272.672	474.025.336	80.496.122	-	-
Debt Securities	730.722.540	-	-	-	-	-	-
Total	1.990.105.792	487.896.094	87.272.672	474.025.336	80.496.122	-	-
Of which defaulted	21.173.330	1.627.159	659.096	1.612.347	657.651	-	-

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	910.085.153	250.693.973	35.601.084	240.095.265	31.671.295	-	-
Debt Securities	411.251.347	-	-	-	-	-	-
Total	1.321.336.500	250.693.973	35.601.084	240.095.265	31.671.295	-	-
Of which defaulted	12.752.275	926.013	217.871	912.025	217.568	-	-

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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	1.313.762.539	2.589.471	1.393.025.583	1.184.837	8.617.845	0,6%
Exposures to regional and local governments	6.838.382	237.185	6.318.472	174.019	3.203.656	49,3%
Exposures to administrative bodies and non-commercial entities	30.546.916	4.089.417	30.493.951	1.768.801	32.212.540	99,8%
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	206.256.880	35.195.656	207.260.210	20.043.556	52.920.250	23,3%
Exposures to corporates	618.901.233	542.287.814	594.841.668	307.252.064	888.228.716	98,5%
Retail exposures	608.001.986	541.686.786	555.194.120	38.716.208	446.160.158	75,1%
Exposures secured by residential property	147.087.084	6.842.139	144.918.704	3.248.384	51.843.021	35,0%
Exposures secured by commercial property	121.840.975	23.858.150	121.840.975	15.432.715	76.922.244	56,0%
Past-due items	4.971.963	-	4.355.887	-	3.124.843	71,7%
Exposures in high-risk categories	189.109.290	1.841.212	189.067.678	1.085.167	319.413.969	168,0%
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	28.583.885	143.116	28.583.885	68.637	28.641.253	100,0%
Other exposures	93.501.396	-	93.501.396	-	74.298.159	79,5%
Equity share investments	38.768.601	-	38.768.601	-	38.768.601	100,0%
Total	3.408.171.130	1.158.770.946	3.408.171.130	388.974.388	2.024.355.255	53,3%

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 Wighted 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%
Total	2.091.410.622	524.989.001	2.091.410.622	214.817.427	1.317.024.562	57,1%

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

VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

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

Current Period Risk Classes/ Risk Weight	0%	10%	20%	25%	35% secured by property mortgage	50% secured by property mortgage	50% (*)	75%	100%	150%	250%	Other	Total risk amount (post-CCF and CRM)
Exposures to sovereigns and their central banks	1.384.544.732	-	604.417	-	-	-	1.128.619	-	7.932.652	-	-	-	1.394.210.420
Exposures to regional and local government	86.776	-	34	-	-	-	6.404.063	-	1.618	-	-	-	6.492.491
Exposures to administrative bodies and non-commercial entities	50.085	-	159	-	-	-	-	-	32.212.508	-	-	-	32.262.752
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	96.358.949	-	51.139.096	-	-	-	74.217.809	-	5.583.437	-	-	4.475	227.303.766
Exposures to corporates	9.186.949	-	739.215	-	-	-	8.173.389	-	883.994.179	-	-	-	902.093.732
Retail exposures	4.648.116	-	514.893	-	-	-	-	570.760.559	17.986.760	-	-	-	593.910.328
Exposures secured by residential property	41.397	-	6.476	-	148.119.215	-	-	-	-	-	-	-	148.167.088
Exposures secured by commercial property	-	-	-	-	-	120.702.893	-	-	16.570.797	-	-	-	137.273.690
Past-due items	1.428	-	-	-	-	-	2.459.233	-	1.895.226	-	-	-	4.355.887
Exposures in high-risk categories	18.778	-	705	-	-	-	705.292	-	71.286	120.797.745	-	68.559.039	190.152.845
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	11.269	-	-	-	-	-	-	-	28.641.253	-	-	-	28.652.522
Equity share investments	-	-	-	-	-	-	-	-	38.768.601	-	-	-	38.768.601
Other exposures	19.203.221	-	20	-	-	-	-	-	74.298.155	-	-	-	93.501.396
Total	1.514.151.700	-	53.005.015	-	148.119.215	120.702.893	93.088.405	570.760.559	1.107.956.472	120.797.745	-	68.563.514	3.797.145.518

(*) 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% (*)	75%	100%	150%	250%	Other	Total risk amount (post-CCF and CRM)
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
Total	806.107.297	-	31.896.117	-	131.098.235	83.343.721	57.549.277	313.252.546	786.941.888	39.501.636	-	56.537.332	2.306.228.049

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

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

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.

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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

3.15. Counter Party Credit Risk Explanations (Continued)

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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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

		Replacement Cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) (*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
1	Standardized approach - CCR (for derivatives)	5.867.159	6.854.166		1,4	17.809.855	5.072.368
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)					169.735.210	25.085.956
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)					11.977	5.988
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	Total						30.164.312

(*) 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
1	Standardised 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	Total						22.892.200

(*) 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	17.809.855	6.681.009
4	Total subject to the CVA capital charge	17.809.855	6.681.009

	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	14.261.144	4.918.117
4	Total subject to the CVA capital charge	14.261.144	4.918.117

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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 ⁽¹⁾
Receivables from central governments and central banks	3.934.916	-	-	-	-	-	-	-	3.934.916
Receivables from regional and local governments	1.374	-	-	2	-	-	-	-	1.376
Receivables from administration and non-commercial entity	13.309	-	-	-	-	2.061	-	-	15.370
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Receivables from institutions	95.918.121	-	42.294.297	38.286.905	-	1.084.846	-	4.475	177.588.644
Corporates	4.508.087	-	-	-	-	1.459.453	-	-	5.967.540
Retail portfolios	32.818	-	-	-	20.853	-	-	-	53.671
Other receivables ⁽²⁾	-	-	-	-	-	-	-	-	-
Total	104.408.625	-	42.294.297	38.286.907	20.853	2.546.360	-	4.475	187.561.517

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

⁽²⁾ Other receivables: 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 ⁽¹⁾
Receivables from central governments and central banks	22.201.004	-	-	-	-	-	-	-	22.201.004
Receivables from regional and local governments	1.460	-	-	2	-	-	-	-	1.462
Receivables from administration and non-commercial entity	7.902	-	-	-	-	12	-	-	7.914
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Receivables 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 receivables ⁽²⁾	-	-	-	-	-	-	-	-	-
Total	52.215.970	-	29.432.072	30.516.319	5.026	1.743.857	-	4.375	113.917.619

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

⁽²⁾ Other receivables: 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	-	-	-	-	4.655.621	-
Cash-foreign currency	-	-	-	-	83.781.198	-
Domestic sovereign debts	-	-	-	-	12.845.825	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate Debts	-	-	-	-	-	-
Equity Securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	101.282.644	-

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	-	-	-	-	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	-	-	-	-	-	-
Total	-	-	-	-	51.243.419	-

Credit Derivatives

None.

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

None.

Risks Related with Central Counterparties

		Exposure at default (post-CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)	934.826	18.697
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC Derivatives	4.475	90
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	930.351	18.607
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)	-	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

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VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

3.19. Risk classes and counterparty credit risk explanation (Continued)

Risks Related with Central Counterparties (Continued)

	Prior Period	Exposure at default (post-CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)	580.186	11.604
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	Exposures to non-QCCPs (total)	-	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

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

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)

Standard approach	RWA	
	Current Period	Prior Period
Outright products		
1 Interest rate risk (general and specific)	100.541.768	87.407.220
2 Equity risk (general and specific)	23.685.100	10.808.152
3 Foreign exchange risk	36.616.589	4.123.072
4 Commodity risk	-	-
Options		
5 Simplified approach	-	-
6 Delta-plus method	-	-
7 Scenario approach	-	-
8 Securitization	-	-
9 Total	160.843.457	102.338.444

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

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				Total/Number of Positive GI years	Ratio (%)	Total
	31.12.2020	31.12.2021	31.12.2022			
Gross Income	31.064.311	35.951.084	139.130.851	68.715.415	15	10.307.312
Amount Subject to Operational Risk (Total*12,5)	-	-	-	-	-	128.841.404

Prior Period				Total/Number of Positive GI years	Ratio (%)	Total
	31.12.2019	31.12.2020	31.12.2021			
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)	-	-	-	-	-	55.981.209

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

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	(17.034.629)	(4,28%)
2. TL	(400)	17.728.131	4,45%
3. EUR	200	6.148.864	1,55%
4. EUR	(200)	(5.936.875)	(1,49%)
5. USD	200	(20.691.434)	(5,20%)
6. USD	(200)	26.366.928	6,63%
Total (for negative shocks)	-	38.158.184	9,59%
Total (for positive shocks)	-	(31.577.199)	(7,94%)

Type of Currency-Prior 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%
Total (for negative shocks)	-	39.440.437	16,12%
Total (for positive shocks)	-	(35.116.054)	(14,35%)

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 2023, the following notes to be presented on a quarterly 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 (Continued)

IX. EXPLANATION ON HEDGE ACCOUNTING

Along with the hedging accounting, it is aimed to protect the capital amounts allocated to foreign partnerships in the unconsolidated financial statements of the Bank from the effects of exchange rate risk arising from 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 performed 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 value change in 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.

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items	Ineffective Portion
FC Deposit (EUR)	EUR Capital Amounts Allocated to Foreign Partnerships	Foreign exchange rate risk	(8.016.752)	8.016.752	-

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

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

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

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

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

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 2023, 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
OPERATING INCOME/EXPENSE						
Interest Income	41.564.612	118.935.584	70.688.762	190.699.731	5.365.975	427.254.664
Interest Expenses	140.300.447	113.794.470	-	38.543.005	5.019.836	297.657.758
Net Interest Income/Expense	(98.735.835)	5.141.114	70.688.762	152.156.726	346.139	129.596.906
Net Fees and Commission Income/Expense	25.771.588	14.721.936	1.467.608	(13.815.365)	3.305.561	31.451.328
Dividend Income	-	-	-	525.552	-	525.552
Trading Profit / Loss (Net)	-	-	-	18.795.966	-	18.795.966
Other Operating Income	96.836	2.863.657	198.019	23.237	30.076.256	33.258.005
Provision for Expected Loss (-)	4.792.934	18.350.817	7.526.144	730	123.739	30.794.364
Other Expenses	18.474.783	531.766	948.217	-	67.310.857	87.265.623
Net Operating Profit / Loss	(96.135.128)	3.844.124	63.880.028	157.685.386	(33.706.640)	95.567.770
Profit/Loss on Equity Method Applied						
Subsidiaries	-	-	-	-	-	-
Tax Provision	-	-	-	-	(5.716.290)	(5.716.290)
Net Profit / Loss	(96.135.128)	3.844.124	63.880.028	157.685.386	(39.422.930)	89.851.480
SEGMENT ASSETS						
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	66.384.447	-	66.384.447
Banks and Receivables from Money Markets	-	-	-	189.957.594	-	189.957.594
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	589.375.324	-	589.375.324
Loans	303.946.470	947.287.883	480.550.183	171.834.115	-	1.903.618.651
Financial Assets Measured at Amortized Cost (Net)	-	-	-	325.414.760	-	325.414.760
Derivative Financial Assets	-	-	-	10.534.004	-	10.534.004
Associates, Subsidiaries and Entities under Common Control	-	-	-	62.498.804	-	62.498.804
Other Assets	15.712	5.179.985	81.634	515.766.449	131.557.638	652.601.418
Total Segment Assets	303.962.182	952.467.868	480.631.817	1.931.765.497	131.557.638	3.800.385.002
SEGMENT LIABILITIES						
Deposits	1.908.238.340	777.779.120	-	88.567.226	160.738.395	2.935.323.081
Derivative Financial Liabilities Held for Trading	-	-	-	3.636.157	-	3.636.157
Funds Borrowed	-	-	-	200.215.155	-	200.215.155
Money Markets Borrowing	74.468	4.959.170	-	78.303.138	-	83.336.776
Securities Issued (Net)	-	-	-	47.187.925	-	47.187.925
Provisions	-	8.589.268	-	-	26.511.427	35.100.695
Other Liabilities	-	-	-	-	164.336.530	164.336.530
Shareholders' Equity	-	-	-	-	331.248.683	331.248.683
Total Segment Liabilities	1.908.312.808	791.327.558	-	417.909.601	682.835.035	3.800.385.002

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

X. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

1. Table for Segment Reporting (Continued)

Prior Period	Retail Banking	Corporate/ Commercial Banking	Specialized Banking	Treasury/ Investment Banking	Other	Total
OPERATING INCOME/EXPENSE						
Interest Income	26.524.054	57.870.912	23.490.683	112.214.953	529.622	220.630.224
Interest Expenses	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
SEGMENT ASSETS						
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	33.294.879	-	33.294.879
Banks and Receivables from 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 Amortized 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
Total Segment Assets	214.082.647	682.969.400	243.489.630	1.101.186.678	69.936.669	2.311.665.024
SEGMENT LIABILITIES						
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
Total Segment Liabilities	1.106.672.760	491.418.224	-	283.617.259	429.956.781	2.311.665.024

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

XI. EXPLANATIONS ON THE FAIR VALUE REALIZATION OF FINANCIAL ASSETS AND LIABILITIES

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

Current Period	Book Value	Fair Value
Financial Assets	3.076.379.591	2.931.803.977
Due from Interbank Money Market	150.911.409	149.643.932
Banks	39.062.219	38.940.773
Financial Assets Measured at Fair Value Through Other Comprehensive Income	589.375.324	589.375.324
Financial Assets Measured at Amortised Cost	325.458.934	295.369.477
Loans	1.971.571.705	1.858.474.471
Financial Liabilities	3.377.811.767	3.165.636.166
Payables to Money Markets	83.336.776	83.508.391
Bank Deposits	88.567.226	84.142.155
Other Deposits	2.846.755.855	2.637.185.496
Funds Borrowed from Other Financial Institutions	200.215.155	199.205.353
Issued Marketable Securities	47.187.925	49.608.774
Subordinated Debt Instruments	46.620.531	46.857.699
Miscellaneous Payables	65.128.299	65.128.299

Prior Period	Book Value	Fair Value
Financial Assets	1.838.227.206	1.796.546.481
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
Financial Liabilities	2.026.658.631	1.890.478.411
Payables to Money Markets	85.062.689	82.946.685
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	27.767.979	28.149.726
Subordinated Debt Instruments	28.949.062	28.949.062
Miscellaneous Payables	35.403.969	35.403.969

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 for the measurement of fair values. At level one, the financial instruments whose fair values are determined with the recorded prices in the active markets for the assets and liabilities with identical fair values; at level two, the financial instruments whose fair value is based on the directly or indirectly observable market indicators and at level three; the financial instruments whose fair value is not based on the directly or indirectly observable market indicators are considered. The financial instruments which are recognized with their fair values at the Bank’s balance sheet, are presented with respect to such basis of classification in the table below.

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

**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)

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss)	5.513.676	60.870.771	-	66.384.447
Government Debt Securities	4.851.874	49.690.018	-	54.541.892
Marketable Securities	-	-	-	-
Other Marketable Securities	661.802	11.180.753	-	11.842.555
Financial Assets at Fair Value Through Other Comprehensive Income	585.487.556	1.407.566	2.270.317	589.165.439
Government Debt Securities	585.484.312	-	-	585.484.312
Marketable Securities	3.244	-	2.270.317	2.273.561
Other Marketable Securities	-	1.407.566	-	1.407.566
Derivative Financial Assets	-	10.534.004	-	10.534.004
Subsidiaries and Joint Ventures	20.255.507	-	41.907.145	62.162.652
Total Assets	611.256.739	72.812.341	44.177.462	728.246.542
Derivative Financial Liabilities	-	3.636.157	-	3.636.157
Total Liabilities	-	3.636.157	-	3.636.157

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss)	356.934	32.937.945	-	33.294.879
Government Debt Securities	19.472	27.871.333	-	27.890.805
Marketable Securities	-	-	-	-
Other Marketable Securities	337.462	5.066.612	-	5.404.074
Financial Assets at Fair Value Through Other Comprehensive Income	393.338.985	1.409.681	766.555	395.515.221
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
Derivative Financial Assets	-	8.876.687	-	8.876.687
Subsidiaries and Joint Ventures	21.486.762	-	21.501.137	42.987.899
Total Assets	415.182.681	43.224.313	22.267.692	480.674.686
Derivative Financial Liabilities	-	3.156.119	-	3.156.119
Total Liabilities	-	3.156.119	-	3.156.119

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

	Current Period	Prior Period
Balances at Beginning of Period	22.267.692	11.857.126
Purchases	10.779.438	3.241.966
Disposals Through Sale/Redemptions	-	-
Valuation Effect	11.130.332	7.168.600
Transfers	-	-
Balances at the End of Period	44.177.462	22.267.692

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

1. Information 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	7.876.889	16.661.555	4.720.221	10.141.295
Central Bank of the Republic of Türkiye	139.088.833	376.190.760	23.524.801	335.746.356
Other	-	1.542.285	-	265.670
Total	146.965.722	394.394.600	28.245.022	346.153.321

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 are required to maintain reserves with Central Bank of the Republic of Türkiye for their TL and FC liabilities that are 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 0% and 8% for Turkish Lira deposits and other liabilities, for foreign currency deposits and other liabilities, it is applied in the range of 5% - 30%, and for accounts with exchange rate/price protection support, it is applied in the range of 10% - 30%.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	102.918.863	61.332.644	23.328.884	42.424.961
Unrestricted Time Deposit	-	43.680.750	-	102.841.750
Restricted Time Deposit	-	-	-	-
Other ⁽¹⁾	36.169.970	271.177.366	195.917	190.479.645
Total	139.088.833	376.190.760	23.524.801	335.746.356

(1) Includes required reserves and CBRT restricted electronic money funds amounting to TL 100.023 required reserve of branches abroad amounting to TL 1.630.572 is presented in this line. (31 December 2022: Includes required reserves and CBRT restricted electronic money funds amounting to TL 17.157 required reserve of branches abroad amounting to TL 656.479 is presented in this line.

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	4.819.916	-
Assets Blocked/Given as Collateral	49.721.746	27.890.664
Total	54.541.662	27.890.664

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS(Continued)

3. Positive Differences Statement Regarding Trading Derivative Financial Asset

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	114.170	53.092	155.217	1.318
Swap Transactions	4.872.177	5.286.303	3.089.376	5.539.380
Futures Transactions	-	-	276	-
Options	-	208.262	8.535	82.585
Other	-	-	-	-
Total	4.986.347	5.547.657	3.253.404	5.623.283

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	403.528	1.050.275	-	140.059
Foreign Banks	3.070.167	34.538.249	505.686	10.825.687
Foreign Head Office and Branches	-	-	-	-
Total	3.473.695	35.588.524	505.686	10.965.746

4.2. Information on Foreign Bank Accounts

	Unrestricted Amount		Restricted Amount ⁽²⁾	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	9.282.142	3.101.496	44.409	1.559.475
USA, Canada	11.693.716	887.567	643.454	1.473.749
OECD Countries ⁽¹⁾	562.915	263.045	-	-
Off-shore Banking Regions	-	-	-	-
Other	15.381.780	4.025.789	-	20.252
Total	36.920.553	8.277.897	687.863	3.053.476

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

⁽²⁾ 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	102.193.100	83.133.879
Assets Blocked/Given as Collateral	306.280.361	101.454.331
Total	408.473.461	184.588.210

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

	Current Period	Prior Period
Debt Securities	609.233.586	413.036.166
Quoted in Stock Exchange	607.963.908	412.230.503
Not Quoted in Stock Exchange	1.269.678	805.663
Share Certificates	2.586.111	1.030.428
Quoted in Stock Exchange	3.244	3.127
Not Quoted in Stock Exchange	2.582.867	1.027.301
Provision for Impairment (-)	22.444.373	18.393.429
Total	589.375.324	395.673.165

7. Explanations 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 ⁽¹⁾	2.897.529	-	1.494.817	-
Total	2.897.529	-	1.494.817	-

⁽¹⁾ Since the balance of overdraft accounts related to employees amounting TL 118.208 is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above (31 December 2022: 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).

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

Current Period		Loans Under Close Monitoring		
		Standard Loans	Not Under the Scope of Restructuring	Loans Under Restructuring
				Loans with Revised Contract Terms
Cash Loans				
Non-Specialized Loans	1.335.571.544	30.751.375	3.151.790	96.074.734
Commercial Loans	759.970.690	19.149.911	2.918.410	92.273.874
Export Loans	149.098.755	1.074.682	-	3.724.641
Import Loans	-	-	-	-
Loans Given to Financial Sector	20.771.097	-	-	-
Consumer Loans	188.609.285	3.591.102	233.380	72.618
Credit Cards	216.597.394	6.919.602	-	3.601
Other	524.323	16.078	-	-
Specialized Lending ⁽¹⁾	475.396.346	7.152.116	14.757	538.090
Other Receivables	-	-	-	-
Total	1.810.967.890	37.903.491	3.166.547	96.612.824

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)).

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Explanations Related to Loans (Continued)

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

Current Period	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring	Loans with Revised Contract Terms	Loans Under Restructuring Refinancing
Cash Loans				
Non-Specialized Loans	924.862.031	11.685.362	3.036.992	68.623.075
Commercial Loans	590.346.580	7.596.960	2.886.420	68.543.739
Export Loans	67.393.165	553.047	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	16.026.366	-	-	-
Consumer Loans	178.329.522	2.429.752	150.572	78.455
Credit Cards	72.239.380	1.102.819	-	881
Other	527.018	2.784	-	-
Specialized Lending ⁽¹⁾	241.155.764	2.312.514	39.894	934.327
Other Receivables	-	-	-	-
Total	1.166.017.795	13.997.876	3.076.886	69.557.402

⁽¹⁾ 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	8.938.343	-	7.710.927	-
Significant Increase in Credit Risk	-	41.959.914	-	28.625.013

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	635.931.503	15.753.601	5.971.869
Medium and Long-term Loans	1.175.036.387	22.149.890	93.807.502

Prior Period	Standard Loans	Loans under Close Monitoring	
		Loans Not Subject to Restructuring	Loans Under Restructuring
Short-term Loans	402.779.169	5.078.105	7.224.403
Medium and Long-term Loans	763.238.626	8.919.771	65.409.885

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Explanations Related to Loans (Continued)

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

Current Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	7.104.416	176.679.525	183.783.941
Mortgage Loans	5.774	108.365.166	108.370.940
Automotive Loans	346.683	11.464.181	11.810.864
Consumer Loans	6.751.959	56.850.178	63.602.137
Other	-	-	-
Consumer Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	5.116	289.423	294.539
Mortgage Loans	-	18.121	18.121
Automotive Loans	-	-	-
Consumer Loans	5.116	271.302	276.418
Other	-	-	-
Retail Credit Cards-TL	108.638.342	1.852.793	110.491.135
With Installment	41.477.311	1.455.393	42.932.704
Without Installment	67.161.031	397.400	67.558.431
Retail Credit Cards-FC	9.549	-	9.549
With Installment	-	-	-
Without Installment	9.549	-	9.549
Personnel Loans-TL	432.694	1.334.525	1.767.219
Mortgage Loans	-	227	227
Automotive Loans	-	-	-
Consumer Loans	432.694	1.334.298	1.766.992
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	1.111.489	18.535	1.130.024
With Installment	429.367	18.535	447.902
Without Installment	682.122	-	682.122
Personnel Credit Cards-FC	286	-	286
With Installment	-	-	-
Without Installment	286	-	286
Overdraft Accounts-TL (Real Person)	6.660.686	-	6.660.686
Overdraft Accounts-FC (Real Person)	-	-	-
Total	123.962.578	180.174.801	304.137.379

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Explanations Related to Loans (Continued)

7.4. Information on Consumer Loans, Retail Credit Cards and Personnel Loans and Personnel Credit Card (Continued)

Prior Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	3.320.067	174.017.480	177.337.547
Mortgage Loans	18.648	113.081.429	113.100.077
Automotive Loans	97.675	7.818.725	7.916.400
Consumer Loans	3.203.744	53.117.326	56.321.070
Other	-	-	-
Consumer Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	3.184	162.083	165.267
Mortgage Loans	-	14.517	14.517
Automotive Loans	-	-	-
Consumer Loans	3.184	147.566	150.750
Other	-	-	-
Retail Credit Cards-TL	31.749.788	442.387	32.192.175
With Installment	11.925.860	390.445	12.316.305
Without Installment	19.823.928	51.942	19.875.870
Retail Credit Cards-FC	4.285	-	4.285
With Installment	-	-	-
Without Installment	4.285	-	4.285
Personnel Loans-TL	54.850	859.869	914.719
Mortgage Loans	-	244	244
Automotive Loans	-	-	-
Consumer Loans	54.850	859.625	914.475
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	569.991	9.753	579.744
With Installment	228.907	9.753	238.660
Without Installment	341.084	-	341.084
Personnel Credit Cards-FC	354	-	354
With Installment	-	-	-
Without Installment	354	-	354
Overdraft Accounts-TL (Real Person)	2.570.768	-	2.570.768
Overdraft Accounts-FC (Real Person)	-	-	-
Total	38.273.287	175.491.572	213.764.859

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**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Explanations Related to Loans (Continued)

7.5. Information on Commercial Installment Loans and Corporate Credit Cards

Current Period	Short-Term	Medium and Long-Term	Total
Installment Based Commercial Loans-TL	3.123.623	95.743.361	98.866.984
Mortgage Loans	-	872.929	872.929
Automotive Loans	85.293	1.844.188	1.929.481
Consumer Loans	3.038.330	93.026.244	96.064.574
Other	-	-	-
Installment Based Commercial Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Installment Based Commercial Loans – FC	46.491	130.453.889	130.500.380
Mortgage Loans	-	118.671	118.671
Automotive Loans	-	49.036	49.036
Consumer Loans	46.491	130.286.182	130.332.673
Other	-	-	-
Corporate Credit Cards-TL	98.598.994	13.287.697	111.886.691
With Installment	44.453.021	13.227.533	57.680.554
Without Installment	54.145.973	60.164	54.206.137
Corporate Credit Cards-FC	2.912	-	2.912
With Installment	-	-	-
Without Installment	2.912	-	2.912
Overdraft Account-TL (Legal Entity)	9.957.138	-	9.957.138
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	111.729.158	239.484.947	351.214.105

⁽¹⁾ Accrual and rediscount amounts related to loans are included in the table.

Prior Period	Short – Term	Medium and Long-Term	Total
Installment Based Commercial Loans-TL	4.117.720	69.525.200	73.642.920
Mortgage Loans	9.650	1.130.702	1.140.352
Automotive Loans	143.945	3.157.161	3.301.106
Consumer Loans	3.964.125	65.237.337	69.201.462
Other	-	-	-
Installment Based Commercial Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Installment Based Commercial Loans – FC	77.622	90.060.618	90.138.240
Mortgage Loans	-	5.110	5.110
Automotive Loans	-	2.846	2.846
Consumer Loans	77.622	90.052.662	90.130.284
Other	-	-	-
Corporate Credit Cards-TL	38.124.844	2.438.695	40.563.539
With Installment	18.029.419	2.431.975	20.461.394
Without Installment	20.095.425	6.720	20.102.145
Corporate Credit Cards-FC	2.983	-	2.983
With Installment	-	-	-
Without Installment	2.983	-	2.983
Overdraft Account-TL (Legal Entity)	3.955.706	-	3.955.706
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	46.278.875	162.024.513	208.303.388

⁽¹⁾ Accrual and rediscount amounts related to loans are included in the table.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Explanations Related to Loans (Continued)

7.6. Loans According to Types of Borrowers

	Current Period	Prior Period
Public	66.930.303	58.881.782
Private	1.881.720.449	1.193.768.177
Total	1.948.650.752	1.252.649.959

7.7. Distribution of Domestic and Foreign Loans

	Current Period	Prior Period
Domestic Loans	1.928.755.907	1.241.743.840
Foreign Loans	19.894.845	10.906.119
Total	1.948.650.752	1.252.649.959

7.8. Loans Granted to Investments in Associates and Subsidiaries

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	10.976.098	5.664.719
Indirect loans granted to subsidiaries and associates	-	-
Total	10.976.098	5.664.719

7.9. Credit-Impaired Losses (Stage III)

	Current Period	Prior Period
Loans and other receivables with limited collectability	6.013.402	748.202
Loans and other receivables with doubtful collectability	2.071.030	525.534
Uncollectible loans and other receivables	8.970.365	10.345.961
Total	17.054.797	11.619.697

7.10. Information on Non-performing Loans (Net)

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

	Group III Loans with Limited Collectibility	Group IV Loans with Doubtful Collectibility	Group V Uncollectible Loans
Current Period			
Gross amounts before the provisions	175.294	994.559	757.561
Restructured loans	175.294	994.559	757.561
Prior Period			
Gross amounts before the provisions	39.880	150.689	1.266.024
Restructured loans	39.880	150.689	1.266.024

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Explanations Related to Loans (Continued)

7.10. Information on Non-performing Loans (net) (Continued)

7.10.2. Information on the Movement of Total Non-performing Loans

	Group III	Group IV	Group V
	Loans with Limited Collectibility	Loans with Doubtful Collectibility	Uncollectible Loans
Prior Period Ending Balance	1.042.398	1.029.387	11.629.106
Additions (+)	12.447.299	1.111.217	1.047.530
Transfers from Other Categories of Loans under Follow-Up (+)	-	4.943.927	1.990.872
Transfers to Other Categories of Loans under Follow-Up (-)	4.943.927	1.990.872	-
Collections (-) ⁽¹⁾	921.010	1.190.055	3.270.945
Write-offs (-)	286	1.302	2.386
Sold	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period End Balance	7.624.474	3.902.302	11.394.177
Provision (-)	6.013.402	2.071.030	8.970.365
Net Balance on Balance Sheet	1.611.072	1.831.272	2.423.812

⁽¹⁾ Includes transfers to first and second group loans amounting to 698.512 TL.

7.10.3. Information on Non-performing Loans Granted as Foreign Currency Loans

	Group III	Group IV	Group V
	Loans with Limited Collectibility	Loans with Doubtful Collectibility	Uncollectible Loans
Current Period:			
Period Ending Balance	4.505.985	2.260.348	2.823.055
Provision (-)	2.262.514	1.260.078	2.406.519
Net Balance on Balance Sheet	2.243.471	1.000.270	416.536
Prior Period:			
Period Ending Balance	92.929	147.575	2.566.709
Provision (-)	92.721	80.440	2.536.973
Net Balance on Balance Sheet	208	67.135	29.736

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Information Related to Loans (Continued)

7.10. Information on Non-performing Loans (net) (Continued)

7.10.4. Breakdown of Non-performing Loans According to Their Gross and Net Values

	Group III Loans with Limited Collectibility	Group IV Loans with Doubtful Collectibility	Group V Uncollectible Loans
Current Period (Net)	1.611.072	1.831.272	2.423.812
Loans to Real Persons and Legal Entities (Gross)	7.624.474	3.902.302	11.208.762
Provisions (-)	6.013.402	2.071.030	8.784.950
Loans to Real Persons and Legal Entities (Net)	1.611.072	1.831.272	2.423.812
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	185.415
Provisions (-)	-	-	185.415
Other Loans (Net)	-	-	-
Prior Period (Net)	294.196	503.853	1.283.145
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 (Gross)	-	-	160.300
Provisions (-)	-	-	160.300
Other Loans (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

	Group III Loans with Limited Collectibility	Group IV Loans with Doubtful Collectibility	Group V Uncollectible Loans
Current Period (Net)	56.477	60.806	95.402
Interest Accruals and Valuation Differences	633.870	136.666	519.605
Provisions (-)	577.393	75.860	424.203
Prior Period (Net)	12.600	16.719	51.738
Interest Accruals and Valuation Differences	63.027	41.547	610.448
Provisions (-)	50.427	24.828	558.710

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Information Related to Loans (Continued)

7.11. Information on Expected Credit Loss

Current Period	Stage 1	Stage 2	Stage 3	Total
Balance at the Beginning of the Period	7.710.927	28.625.013	11.619.697	47.955.637
Additions during the Period ^(*)	2.139.652	15.644.287	6.150.798	23.934.737
Disposals (-)	(1.159.269)	(223.007)	(2.552.043)	(3.934.319)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	(3.001)	(3.001)
Transfer to Stage1	974.472	(787.652)	(186.820)	-
Transfer to Stage 2	(714.369)	895.823	(181.454)	-
Transfer to Stage 3	(13.070)	(2.194.550)	2.207.620	-
Balance at End of Period	8.938.343	41.959.914	17.054.797	67.953.054

Prior Period	Stage 1	Stage 2	Stage 3	Total
Balance at the Beginning of the Period	2.159.100	14.764.508	12.148.761	29.072.369
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	-
Balance at End of Period	7.710.927	28.625.013	11.619.697	47.955.637

(*) Also includes exchange rate differences.

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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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(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	-	9.155.480	16.898.737	5.705.067
Treasury Bills	-	-	-	-
Other Government Debts	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	-	9.155.480	16.898.737	5.705.067

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	143.859.019	62.284.619	57.126.063	36.259.758
Other	-	-	-	-
Total	143.859.019	62.284.619	58.233.855	36.259.758

8.2. Information on Government Debt Securities at Amortized Cost

	Current Period	Prior Period
Government Bonds	320.326.039	152.996.336
Treasury Bills	-	1.107.792
Other Public Sector Debt Securities	1.010.668	1.068.417
Total	321.336.707	155.172.545

8.3. Information on Financial Assets Measured at Amortized Cost

	Current Period	Prior Period
Debt Securities	325.458.934	159.351.477
Quoted at Stock Exchange	321.336.707	155.172.545
Unquoted at Stock Exchange	4.122.227	4.178.932
Provision for Impairment (-)	-	-
Total	325.458.934	159.351.477

8.4. The Movements of Financial Assets Measured at Amortized Cost

	Current Period	Prior Period
Beginning Balance	159.351.477	44.583.816
Foreign Currency Differences on Monetary Assets	22.737.044	10.860.407
Purchases During the Year ⁽¹⁾	154.472.706	105.683.154
Disposals through Sales and Redemptions	(11.102.293)	(1.775.900)
Provision for Impairment (-)	-	-
Period End Balance	325.458.934	159.351.477

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

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EXPLANATIONS AND NOTES 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	Birleşim Varlık Yönetim A.Ş. ⁽³⁾	İstanbul/Türkiye	16,00	16,00
3	Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.	İstanbul/Türkiye	33,34	33,34

	Total Assets ⁽¹⁾	Shareholders’ Equity ⁽¹⁾	Total Non- Current Assets ⁽¹⁾⁽²⁾	Interest Income ⁽¹⁾	Income from Marketable Securities ⁽¹⁾	Current Period Profit / Loss ⁽¹⁾	Prior Period Profit / Loss ⁽¹⁾	Fair Value
1	14.260.568	2.137.578	957.328	492.326	356.075	153.995	213.492	-
2	929.956	763.942	27.481	308.503	-	109.296	257.480	-
3	512.193	331.393	168.795	48.445	-	(8.399)	(12.650)	-

(1) The current period financial statement information of the associates is obtained from the unaudited financial statements dated 31 December 2023, and the profit/loss figures for the previous period are obtained from the reviewed financial statements dated 31 December 2022.

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

(3) Necessary permissions have been obtained from the BRSA regarding the purchase by the Bank of 12.000.000 Group B Shares, 16% owned by the Savings Deposit Insurance Fund (TMSF), in the capital of Birleşim Varlık Yönetim A.Ş., with all its rights and obligations in return for TL 119.285 share purchase transactions were completed on 1 March 2023.

9.2. Information on Financial Associates

	Current Period	Prior Period
Balance at the Beginning of the Period	88.846	88.846
Movement During the Period	119.285	-
Purchases	119.285	-
Free Shares Obtained Profit From Current Years Share	-	-
Dividends From Current Year Income	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision (-)	-	-
Balance at the End of the Period	208.131	88.846
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(*) The total of our non-financial subsidiaries is TL 128.021 (31.12.2022: TL 128.021).

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	119.285	-

9.4. Subsidiaries Quoted to the Stock Exchange

None (31 December 2022: None).

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 Dinamik Banka A.Ş. ^(*)	Istanbul / Türkiye	100,00	100,00
7	Ziraat Teknoloji A.Ş.	Istanbul / Türkiye	100,00	100,00
8	Ziraat Finansal Teknolojiler Elektronik Para ve Ödeme Hizmetleri A.Ş. ^(**)	Istanbul / Türkiye	100,00	100,00
9	Ziraat Bank International A.G.	Frankfurt / Germany	100,00	100,00
10	Ziraat Bank BH d.d.	Sarajevo / Bosnia Herzegovina	100,00	100,00
11	Ziraat Bank (Moscow) JSC	Moscow / Russia	99,91	100,00
12	Kazakhstan Ziraat Int. Bank	Almaty / Kazakhstan	99,92	99,92
13	Ziraat Bank Azerbaycan ASC	Baku / Azerbaijan	99,98	100,00
14	Ziraat Bank Montenegro AD	Podgorica / Montenegro	100,00	100,00
15	JSC Ziraat Bank Georgia	Tbilisi / Georgia	100,00	100,00
16	Ziraat Bank Uzbekistan JSC	Tashkent / Uzbekistan	100,00	100,00

^(*) The Bank's Subsidiary, Ziraat Dinamik Banka A.Ş., was established with the permission of the BRSA dated 23 March 2023 and numbered 10542 and was registered on April 18, 2023, and has not started operations yet as of the end of the period.

^(**) Ziraat Finansal Teknolojiler Elektronik Para ve Ödeme Hizmetleri A.Ş. which is among the subsidiaries, started to be followed as a financial partnership. Operating permission was received from the CBRT on January 30, 2024.

	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	5.551.877	3.102.833	32.833	1.386.213	-	2.151.551	737.773	4.839.147	-
2	782.167	588.400	28.668	87	-	416.918	185.324	556.999	-
3	383.658.370	19.831.547	2.858.333	43.986.005	7.576.685	4.004.497	3.840.272	15.958.668	-
4	40.209.019	36.274.198	37.666.096	68.735	-	16.545.611	10.945.313	20.255.507	-
5	4.757.425	4.753.732	461	183.897	-	2.331.997	1.388.271	3.834.211	-
6	2.500.000	2.500.000	-	-	-	-	-	2.500.000	-
7	511.987	172.565	44.622	8.198	126	114.316	20.686	278.705	-
8	222.318	221.525	19.372	25.490	-	20.508	-	200.000	-
9	34.049.514	10.328.025	1.456.831	1.195.377	9.213	333.880	534	4.671.628	-
10	24.462.354	3.339.227	165.749	520.307	-	225.371	31.973	1.365.113	-
11	3.469.658	1.737.640	57.135	286.315	1.597	265.930	133.455	1.031.853	-
12	14.838.353	4.720.137	380.677	853.267	5.257	777.627	(387.925)	3.535.560	-
13	10.856.734	1.948.767	399.209	476.642	29.148	192.543	55.395	1.134.100	-
14	3.307.757	559.299	28.559	75.698	17.457	15.237	155	404.975	-
15	2.225.408	792.732	61.316	122.440	4.636	64.747	36.931	342.333	-
16	6.934.523	1.092.731	146.910	263.910	6.834	92.922	108.789	719.558	-

⁽¹⁾ The amounts shown in the interest income column of Ziraat Katılım Bankası A.Ş. include profit share income.

⁽²⁾ Current period financial statement information, Ziraat Katılım Bankası A.Ş. and Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.'s independently audited financial statements dated 31 December 2023, and from the non-independently audited financial statements of other subsidiaries, and in the profit/loss figures for the previous period, Ziraat Katılım Bankası A.Ş. and Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.'s independently audited financial statements dated 31 December 2022, and the unaudited financial statements of other subsidiaries.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

10. Information on Subsidiaries (Net) (Continued)

10.1. Information on Subsidiaries (Continued)

	Current Period	Prior Period
Balance at the Beginning of the Period	41.946.035	20.558.487
Movements During the Period	19.403.617	21.387.548
Purchases	10.615.681	3.249.300
Free Shares Obtained Profit From Current Years Share	163.757	86.121
Dividends from current year income	-	-
Sales	-	-
Revaluation Increase ⁽¹⁾	12.652.181	22.601.876
Impairment Provision (-)	4.028.002	4.549.749
Balance at the End of the Period ⁽²⁾	61.349.652	41.946.035
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

⁽¹⁾ Includes changes arising from conversion of subsidiaries, whose capitals are paid in Euro amounts, into TL at period end currency rate

⁽²⁾ Non-financial subsidiaries amounting to TL 278.705 are not included in the table. (31.12.2022: Non-financial subsidiaries amounting to TL 134.959 are not included in the table.)

10.2. Sectoral Information on Financial Subsidiaries and the Related Carrying Amounts

	Current Period	Prior Period
Banks	31.663.788	15.826.908
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	29.685.864	26.119.127

10.3. Subsidiaries Quoted to the Stock Exchange

	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	20.255.507	21.486.762
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.

Entities under Common Control (Joint Ventures) ⁽¹⁾	Bank's Share (%)	Bank's Risk Group Share (%)	Current Assets	Non-Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	50,00	50,00	19.052.925	102.985	7.319	1.050.340	515.735

⁽¹⁾ Information on entity under joint control is provided from the unaudited financial statements as of 31 December 2023.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 interests of the Bank due to its receivables is TL 38.948 (31 December 2022: TL 415.578). To be TL 15.712 (31 December 2022: TL 12.446) due to the individual receivables of the Bank, TL 5.179.985 (31 December 2022: TL 4.980.515) due to its trade receivables, TL 81.634 (31 December 2022: TL 98.632) due to its agricultural receivables. The total of the real estates acquired for the purpose of sale is TL 5.277.331 (31 December 2022: TL 5.091.593) and the total of other real estates held for sale is TL 447.908 (31 December 2022: TL 1.325.408). In addition, the total of the movables acquired due to its receivables is TL 20.507 (31 December 2022: TL 21.287). The net book value of the Bank's assets held for sale acquired through fiduciary rights is TL 2.350.148 (31 December 2022: TL 2.310.546).

16. Explanations on Tangible Assets

	Immovables	Immovables with Right of Use	Movables	Movables with Right of Use	Leasing Development Costs	Other Tangibles	Total
Prior Period End							
Cost	14.703.225	1.269.012	2.723.217	386.799	278.024	-	19.360.277
Accumulated Depreciation (-)	892.951	142.228	1.655.007	179.199	267.755	-	3.137.140
Impairment (-)	78	-	-	-	-	-	78
Net Book Value	13.810.196	1.126.784	1.068.210	207.600	10.269	-	16.223.059
Current Period End							
Net Book Value at the Beginning of the Period	13.810.196	1.126.784	1.068.210	207.600	10.269	-	16.223.059
Change During the Period (Net)	(271.493)	2.056.769	1.602.653	356.448	1.355	-	3.745.732
- Cost	(74.611)	2.207.811	2.563.765	471.964	18.915	-	5.187.844
- Revaluation Differences	-	-	-	-	-	-	-
- Depreciation Net (-)	196.882	151.042	961.112	115.516	17.560	-	1.442.112
- Impairment (-)	-	-	-	-	-	-	-
Net Currency Translation from Foreign Subsidiaries	-	-	-	-	-	-	-
Cost at Period End	14.628.614	3.476.823	5.286.982	858.763	296.939	-	24.548.121
Accumulated Depreciation at Period End (-)	1.089.833	293.270	2.616.119	294.715	285.315	-	4.579.252
Impairment (-)	78	-	-	-	-	-	78
Closing Net Book Value	13.538.703	3.183.553	2.670.863	564.048	11.624	-	19.968.791

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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	11.073	11.073	-	6.874	6.874	-
Goodwill	-	-	-	-	-	-
Intangible Rights	5.087.295	1.382.030	3.705.265	3.208.972	936.371	2.272.601
Total	5.098.368	1.393.103	3.705.265	3.215.846	943.245	2.272.601

Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements:

None.

Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition:

None.

The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition:

None.

The book value of intangible fixed assets that are pledged or restricted for use:

None.

Amount of purchase commitments for intangible fixed assets:

None.

Information on revalued intangible assets according to their types:

None.

Amount of total research and development expenses recorded in income statement within the period if any:

None.

Positive or negative consolidation goodwill on entity basis:

Not applicable for the unconsolidated financial statements.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

20. Explanation on Deferred Tax Asset

The Bank calculates and reflects deferred tax in accordance with the provisions of “Income Taxes Standard” (“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.

As of 31 December 2023, deferred tax asset is TL 30.980.950 (31 December 2022: Deferred tax liability 279.092 TL).

21. Information on Expected Credit Loss for Financial Assets

	Current Period	Prior Period
Cash and Balances at Central Bank	5.794	3.958
Banks and Receivables from Money Markets	16.034	1.783
Financial Assets Measured at Amortized Cost	44.174	21.499
Other assets	200.576	76.006
Total	266.578	103.246

22. Information on Other Assets

As of 31 December 2023, and 31 December 2022, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

1. Information on Deposits/Funds Collected

1.1. Information on Maturity Structure of Deposits

Current Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	173.118.740	-	27.255.860	297.074.119	264.052.960	91.369.454	56.883.722	127.978	909.882.833
Foreign Currency Deposits	440.576.636	-	167.556.787	237.009.753	44.322.633	32.382.741	76.489.106	17.851	998.355.507
Residents in Türkiye	326.851.621	-	163.233.875	204.905.019	29.904.511	15.752.146	24.640.593	13.659	765.301.424
Residents on Abroad	113.725.015	-	4.322.912	32.104.734	14.418.122	16.630.595	51.848.513	4.192	233.054.083
Public Sector Deposits	36.207.350	-	118.286.149	41.823.639	1.155.356	57.012	7.547	-	197.537.053
Commercial Inst. Deposits	80.313.479	-	156.068.842	149.038.674	58.245.214	42.928.166	24.217.117	-	510.811.492
Other Inst. Deposits	8.939.271	-	6.453.898	37.854.731	14.433.074	899.676	849.925	-	69.430.575
Precious Metals Deposit	141.429.898	-	3.027.114	12.975.912	1.955.006	545.168	805.297	-	160.738.395
Interbank Deposits	8.832.882	-	38.736.274	29.664.346	11.113.533	150.065	70.126	-	88.567.226
The CBRT	3.778.043	-	-	-	-	-	-	-	3.778.043
Domestic Banks	570.527	-	38.203.673	-	-	-	-	-	38.774.200
Foreign Banks	2.776.236	-	532.601	29.664.346	11.113.533	150.065	70.126	-	44.306.907
Participation Banks	1.708.076	-	-	-	-	-	-	-	1.708.076
Other	-	-	-	-	-	-	-	-	-
Total (*)	889.418.256	-	517.384.924	805.441.174	395.277.776	168.332.282	159.322.840	145.829	2.935.323.081

(*) As of 31 December 2023, the deposit balance includes TL 32.235.853 Treasury Currency Protected Deposit, TL 300.998.171 CBRT Currency Protected Deposit and TL 79.945.098 YUVAM Account Deposits.

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	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 Deposits	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	-	-	-	-	-	-	-	-	-
Total (*)	574.783.006	-	412.550.792	538.156.535	56.640.416	69.513.938	87.460.846	163.327	1.739.268.860

(*) As of 31 December 2022, the balance of the deposit includes TL 83.323.364 Treasury Currency Protected Deposit, TL 83.778.421 CBRT Currency Protected Deposit and TL 16.200.004 YUVAM Account Deposits.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

1. Information on Deposits /Funds Collected (Continued)

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

	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits				
Saving Deposits ⁽¹⁾	389.559.880	217.359.340	520.079.218	197.898.374
Foreign Currency Saving Deposits ⁽¹⁾	295.296.031	158.452.416	414.099.702	344.415.016
Other Deposits in the form of Saving Deposits	-	-	-	-
Foreign Branches’ Deposits under the Guarantees of Foreign Authority Insurance ⁽²⁾	8.857.133	5.057.008	4.796.767	2.838.629
Off-Shore Banking Regions’ and under Foreign Authorities’ Insurance	-	-	-	-

⁽¹⁾ Related deposit balances do not include foreign branches.

⁽²⁾ In Bulgaria and Greece, since both real person and legal entity’s saving deposits are under the guarantee of insurance and since such balances included in insurance limit are calculated by the system, the legal entity saving deposits amounting to TL 5.010.092 and TL 61.595 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2022: TL 2.643.374 and TL 35.817).

Pursuant to the Regulation Amending 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, other than those belonging to official institutions, credit institutions and financial institutions in the presence of credit institutions; all deposit and participation funds are covered by insurance. In line with this change, commercial deposits amounting to TL 45.775.676 (31 December 2022: TL 26.393.503) within the scope of insurance are not included in the table. The portion of the said deposits exceeding the insurance limit is TL 689.197.243 (31 December 2022: TL 699.147.186).

Based on the Council of Minister’s decree dated 29 December 2003 and numbered 2003/6668, TL 382 (31 December 2022: TL 434) of demand deposits is not included in the above calculation, since the Bank paid the saving deposits amount attributable to T. İmar Bankası 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
Foreign branches’ saving deposits and other accounts	17.493	12.805
Deposits and other accounts belonging to dominant partners as well as their fathers, mothers, spouses and children under their custody	-	-
Deposits and other accounts belonging to the chairman and members of the board of directors, general managers and deputy general managers as well as their fathers, mothers, spouses and children under their custody	41.358	51.853
Deposits and other accounts covered by assets generated through the offenses mentioned in Article 282 of the Turkish Penal Code No.5237 and dated 26 September 2004	-	-
Deposits in the banks to be engaged exclusively in offshore banking in Türkiye	-	-

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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	80.030	49.505	12.129	1.290
Swap Transactions	704.395	2.595.537	218.585	2.834.279
Futures Transactions	-	-	-	-
Options	-	206.690	-	89.836
Other	-	-	-	-
Total	784.425	2.851.732	230.714	2.925.405

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	481.356	13.576.032	199.280	13.050.361
Foreign Banks, Institutions and Funds	-	186.157.767	-	86.748.424
Total	481.356	199.733.799	10.407.287	99.798.785

3.2. Information on Maturity Structure of Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	480.545	27.253.212	10.406.512	6.285.936
Medium and Long-Term	811	172.480.587	775	93.512.849
Total	481.356	199.733.799	10.407.287	99.798.785

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

77,24% 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
From Domestic Transactions	5.033.638	-	21.024.860	-
Financial Institutions and Organizations	4.679.997	-	20.860.674	-
Other Institutions and Organizations	279.173	-	125.400	-
Real Person	74.468	-	38.786	-
From Overseas Operations	-	78.303.138	-	64.037.829
Financial Institutions and Organizations	-	78.303.138	-	40.090.932
Other Institutions and Organizations	-	-	-	23.946.897
Real Person	-	-	-	-
Total	5.033.638	78.303.138	21.024.860	64.037.829

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

5. Information on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bills	995.040	7.518.533	-	644.547
Asset-Backed Securities	-	-	-	-
Treasury Bonds	-	38.674.352	1.010.690	26.112.742
Total	995.040	46.192.885	1.010.690	26.757.289

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

Information on lease liabilities represented in the table below.

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	63.657	17.040	47.708	24.603
Between 1-4 Years	1.569.723	1.336.835	924.110	786.166
More than 4 Years	5.099.208	2.497.161	1.135.590	597.848
Total	6.732.588	3.851.035	2.107.408	1.408.617

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 2022: 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 2023, unpaid vacation liability amounted to TL 855.650 and employment termination amounted to TL 5.081.185 are presented under the “Employee Benefits Provision” in the financial statements (31 December 2022 unpaid vacation liability amounted to TL 746.797 and employment termination amounted to TL 5.997.944 are presented under the “Employee Benefits Provision” in the financial statements).

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 2023 and 31 December 2022.

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.).

In calculating the liability amount for transferable benefits, largely fixed and certain assumptions are used within the framework of the New Law. However, the final amount for the liability that the Bank will bear when the transfer takes place may vary depending on factors such as the number of participants and withdrawal rates, especially the discount rate, inflation and wage increases.

	Current Period	Prior Period
Opening - Beginning of Period Asset	9.609.837	6.297.140
Real return on fund assets	7.737.805	2.338.558
Employer contributions	2.969.551	1.182.641
Employee contributions	2.145.456	863.294
Compensations paid –	(2.051.413)	(1.071.796)
Total Assets at the End of the Period	20.411.236	9.609.837

According to related Actuary Report, the Fund’s surplus is TL 42.138.296 as of 31 December 2023 (31 December 2022: TL 17.709.984).

	Current Period	Prior Period
Non Medical Assets	20.411.236	9.609.837
Actual and Technical Overrun	42.138.296	17.709.984

The principal actuarial assumptions used are as follows:

	Current Period	Prior Period
Discount rate		
- Pension benefits transferable to SSI	9,80%	9,80%
- Post employment medical benefits transferable to SSI	9,80%	9,80%

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:

	Current Period	Prior Period
Bank placements	3.753.005	1.204.050
Property and equipment	4.800.000	940.000
Marketable securities	11.260.039	7.272.413
Other	598.192	193.374
Total	20.411.236	9.609.837

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

9. Information on Provisions (Continued)

9.3. Information on Other Provision

Except for the BRSA Accounting and Financial Reporting Legislation requirements, the Bank's management has free provisions amounting to TL 17.300.000 of which TL 28.300.000 has been reserved in previous periods and TL 11.000.000 has been cancelled in the current period. (31 December 2022: Except for the BRSA Accounting and Financial Reporting Legislation requirements, the Bank's management has set aside a free provision amounting to TL 28.300.000 of which TL 3.710.000 is in previous periods and TL 24.590.000 is in the current period).

Expected loss provisions for non-cash loans are TL 8.589.268 (31 December 2022: Expected loss provisions for non-cash loans are TL 9.108.014). The Bank has made a provision amounting to TL 181.800 for cases that are not yet finalized (31 December 2022: The Bank has made a provision amounting to TL 110.500 for cases that are not yet finalized). There is also other provisions amounting to TL 3.092.793 (31 December 2022: Other provisions amounting to TL 4.475.512).

10. Explanations on Tax Liability

10.1. Explanations on Current Tax Liability

10.1.1. Information on Tax Provision

As of 31 December 2023, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 5.925.587 (As of 31 December 2022, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 5.909.763).

10.1.2. Information on Current Taxes Payable

	Current Period	Prior Period
Corporate Tax Payable	5.925.587	5.909.763
Taxation on Income From Securities	1.584.315	527.578
Property Tax	9.433	5.640
Banking Insurance Transactions Tax (BITT)	2.420.262	785.989
Foreign Exchange Transactions Tax	49.412	39.653
Value Added Tax Payable	134.595	125.560
Other	299.744	272.208
Total	10.423.348	7.666.391

10.1.3. Information on Premium Payables

	Current Period	Prior Period
Social Security Premiums Employee	483	120
Social Security Premiums – Employer	604	153
Bank Social Aid Pension Fund Premium – Employee	118.457	45.528
Bank Social Aid Pension Fund Premium – Employer	173.733	66.725
Pension Fund Membership Fees and Provisions – Employee	117	-
Pension Fund Membership Fees and Provisions – Employer	25	36
Unemployment Insurance – Employee	21.983	6.536
Unemployment Insurance – Employer	43.967	13.075
Other	-	-
Total	359.369	132.173

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

10. Explanations on Tax Liability (Continued)

10.2. Explanation Regarding Deferred Tax Debt

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.

	Current Period	Prior Period
Deferred Tax Asset	35.163.013	20.431.364
Deferred Tax Liability	(4.182.063)	20.710.456
Net Deferred Tax Asset/(Liability)	30.980.950	(279.092)
Net Deferred Tax Income/(Expense)	16.589.157	10.166.137

	Current Period	Prior Period
Deferred Tax Asset	35.163.013	20.431.364
Expected Loss Provisions	16.955.607	11.039.041
Reserve for Employee Benefits	1.781.051	1.686.185
Marketable Securities Portfolio	6.620.570	5.107.439
Differences Between Registered Value of Assets and Tax Value (*)	5.764.434	-
Other	4.041.351	2.598.699
Deferred Tax Liabilities	4.182.063	20.710.456
Financial Assets Valuation Differences	2.988.548	18.706.247
Real Estate Valuation Difference	1.121.856	1.853.995
Other	71.659	150.214
Net Deferred Tax Asset/(Liability)	30.980.950	(279.092)

(*)Deferred tax assets resulting from inflation adjustment in the provisions of Tax Procedural Law Provisional Article 33 are included.

As of 31 December 2023, deferred tax income amounting to TL 16.589.157 (31 December 2022: TL 10.166.137) is in the profit/loss statement, deferred tax income amounting to TL 14.670.885 (31 December 2022: TL 11.964.308 deferred tax income) is classified under equity.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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	-	46.620.531	-	28.949.062
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	46.620.531	-	28.949.062
Debt instruments to be included in contribution capital calculation	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Total	-	46.620.531	-	28.949.062

(*) 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	84.600.000	34.900.000
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 84.600.000 was approved at the Extraordinary General Assembly meeting of the Bank held on 29 March 2023, and the capital increase and the related amendment made in the relevant article of the Articles of Association were registered on 30 March 2023. It was announced in the Trade Registry Gazette No. 10801 and dated 30 March 2023. The accounting for the mentioned capital increase was carried out on 30 March 2023, based on the permission obtained from the BRSA.

Increase Date	Increase Amount	Cash	Profit Reserves Subject to Increase	Capital Reserves Subject to Increase
30 March 2023	49.700.000	49.700.000	-	-

13.4. Information on Share Capital Increases from Capital Reserves During 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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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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)	29.886.454	(8.857.806)	21.648.593	(5.781.840)
Financial Assets at Fair Value Through Other Comprehensive Income	5.862.515	(12.778.072)	37.318.737	(19.802.258)
Foreign Exchange Difference	9.873.101	-	5.838.443	-
Total	45.622.070	(21.635.878)	64.805.773	(25.584.098)

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 Sale Commitments	102.484.451	38.863.491
Subsidiaries and Associates Capital Contribution Commitments	-	150.000
Loan Granting Commitments	98.882.147	51.525.638
Commitments for Cheque Payments	19.215.328	10.117.968
Commitments for Credit Card Expenditure Limits	390.622.074	100.861.357
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	258.540	162.372
Other Irrevocable Commitments	47.428.656	24.846.437
Total	658.891.196	226.527.263

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 8.589.268 for expected credit losses arising from the off-balance sheet items in the current period (31 December 2022: TL 9.108.014).

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

	Current Period	Prior Period
Letters of Guarantee	622.890.704	320.689.280
Letters of Credit	104.172.993	67.420.943
Bank Acceptances	7.975.772	12.202.745
Endorsements	53.313.445	14.341.683
Total	788.352.914	414.654.651

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

	Current Period	Prior Period
Letters of Certain Guarantees	380.838.639	197.592.777
Letters of Advance Guarantees	122.996.247	55.127.711
Letters of Temporary Guarantees	19.922.002	10.362.644
Letters of Guarantees Given to Customs Offices	4.257.946	4.308.628
Other Letters of Guarantees	94.875.870	53.297.520
Total	622.890.704	320.689.280

1.3. Explanations on Non-Cash Loans

1.3.1. Total Non-Cash Loans:

	Current Period	Prior Period
Non-Cash Loans for Providing Cash Loans	77.802.475	42.693.247
With Original Maturity of One Year or Less	36.024.140	24.259.594
With Original Maturity of More than One Year	41.778.335	18.433.653
Other Non-Cash Loans	710.550.439	371.961.404
Total	788.352.914	414.654.651

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

**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	6.898.204	2,31	194.905	0,04
Farming and Raising Livestock	5.553.364	1,86	91.227	0,02
Forestry	931.164	0,31	49.999	0,01
Fishing	413.676	0,14	53.679	0,01
Manufacturing	108.067.679	36,16	203.737.989	41,62
Mining and Quarrying	1.949.583	0,65	4.834.834	0,99
Production	90.278.524	30,21	170.294.758	34,79
Electric, Gas and Water	15.839.572	5,30	28.608.397	5,84
Construction	60.458.986	20,23	156.820.958	32,04
Services	121.381.006	40,62	122.316.451	24,99
Wholesale and Retail Trade	51.411.926	17,20	30.300.332	6,19
Hotel, Food and Beverage Services	7.956.936	2,66	3.817.145	0,78
Transportation and Telecommunication	13.710.166	4,59	36.682.223	7,49
Financial Institutions	38.503.544	12,88	40.282.993	8,23
Real Estate and Leasing Services	8.114.433	2,72	10.482.565	2,14
Self-employment Services	-	-	-	-
Education Services	788.399	0,26	466.035	0,10
Health and Social Services	895.602	0,30	285.158	0,06
Other	2.040.779	0,68	6.435.957	1,31
Total	298.846.654	100,00	489.506.260	100,00

	Prior 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
Total	139.416.948	100,00	275.237.703	100,00

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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)

1.3.3. Information on the Non-Cash Loans Classified Under Group I and Group II

Current Period	Group I:		Group II:	
	TL	FC	TL	FC
Non-Cash Loans	294.803.172	464.521.265	3.782.859	19.256.007
Letters of Guarantee	240.075.666	357.602.473	3.641.999	15.621.724
Bank Acceptances	1.305.171	6.573.499	-	97.102
Letters of Credit	633.708	99.982.610	1.325	3.537.181
Endorsements	52.788.627	362.683	139.535	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	-	-	-

Prior Period	Group I:		Group II:	
	TL	FC	TL	FC
Non-Cash Loans	137.497.166	266.108.903	1.790.419	7.858.132
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	-	-	-	-

2. Explanations on Derivative Transactions

	Current Period	Prior Period
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions: (I)	1.150.676.782	622.823.111
Forward Transactions	40.527.615	2.102.239
Swap Transactions	1.098.879.469	605.339.890
Futures Transactions	-	1.260.778
Option Transactions	11.269.698	14.120.204
Interest Related Derivative Transactions (II)	135.028.220	105.383.188
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	135.028.220	105.383.188
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivative Transactions: (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	1.285.705.002	728.206.299
Types of Hedging Derivative Transactions		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Foreign Currency Investment Hedges	-	-
B. Total Hedging Derivative Transactions	-	-
Total Derivative Transactions (A+B)	1.285.705.002	728.206.299

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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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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
Derivatives held for trading						
Foreign exchange derivatives	735.521	(6.956.971)	1.577	(53.931)	4.080.746	(2.193.058)
- Inflow	358.809.737	199.100.943	6.034.429	5.200.668	5.096.085	574.241.862
- Outflow	(358.074.216)	(206.057.914)	(6.032.852)	(5.254.599)	(1.015.339)	(576.434.920)
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	5.000	10.000	48.281.496	19.217.614	67.514.110
- Outflow	-	(5.000)	(10.000)	(48.281.496)	(19.217.614)	(67.514.110)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total Inflow	358.809.737	199.105.943	6.044.429	53.482.164	24.313.699	641.755.972
Total Outflow	(358.074.216)	(206.062.914)	(6.042.852)	(53.536.095)	(20.232.953)	(643.949.030)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	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)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total Inflow	219.758.867	74.603.453	14.240.461	34.656.482	23.611.886	366.871.149
Total Outflow	(216.622.142)	(74.723.702)	(13.977.836)	(34.656.482)	(21.354.988)	(361.335.150)

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 19.215.328 (31 December 2022: TL 10.117.968).

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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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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
Interest on Loans ⁽¹⁾	221.358.206	42.888.744	101.259.337	20.466.950
Short Term Loans	94.559.504	6.037.420	38.181.202	2.361.313
Medium and Long Term Loans	124.632.450	36.851.324	61.426.667	18.105.635
Interest on Loans Under Follow-up	2.166.252	-	1.651.468	2
Premiums Received from the Resource Utilization Support Fund	-	-	-	-

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

1.2. Information on Interest Income on Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Türkiye	198.116	-	12.367	-
Domestic Banks	31.958	2.277.346	95.642	2.072.525
Foreign Banks	437.544	534.025	118.505	104.967
Headquarters and Branches Abroad	-	-	-	-
Total	667.618	2.811.371	226.514	2.177.492

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	985.144	6.197	651.669	3.926
Financial Assets at Fair Value Through Other Comprehensive Income	75.549.258	17.198.297	56.704.857	10.217.019
Financial Assets Measured at Amortized Cost	54.809.142	3.576.754	25.659.928	2.172.609
Total	131.343.544	20.781.248	83.016.454	12.393.554

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF PROFIT OR LOSS

1. Interest Income (Continued)

1.4. Information on Interest Income Received from Associates and Subsidiaries

	Current Period	Prior Period
Interest Income from Associates and Subsidiaries	878.111	280.558

2. Interest Expense

2.1. Information on Interest Expense on Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	468.551	9.600.648	327.245	2.845.005
Central Bank of the Republic of Türkiye	436	-	121.783	-
Domestic Banks	345.506	630.091	124.284	450.868
Foreign Banks	122.609	8.970.557	81.178	2.394.137
Foreign Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	468.551	9.600.648	327.245	2.845.005

⁽¹⁾ Includes fee 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	640.393	141.312

2.3. Information on Interest Expense Given on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expenses on Securities Issued	241.659	5.010.891	169.899	2.688.467

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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		
TL								
Bank Deposit	-	10.050.432	-	-	-	-	-	10.050.432
Saving Deposit	-	4.725.561	50.150.598	62.293.594	7.071.978	5.579.286	12.584	129.833.601
Public Sector Deposit	120	18.798.444	4.797.418	156.644	22.159	1.006	-	23.775.791
Commercial Deposit	270	23.076.915	23.903.878	15.801.388	14.643.625	1.623.918	-	79.049.994
Other Deposit	-	1.710.310	7.620.696	1.498.859	79.770	59.051	-	10.968.686
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	390	58.361.662	86.472.590	79.750.485	21.817.532	7.263.261	12.584	253.678.504
FC								
Foreign Currency Deposit	1.458	5.565.526	2.805.387	387.552	650.463	977.967	2	10.388.355
Bank Deposit	-	207.084	1.020.309	341.557	91.623	2.123	-	1.662.696
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	11.105	54.319	7.019	2.542	3.505	-	78.490
Total	1.458	5.783.715	3.880.015	736.128	744.628	983.595	2	12.129.541
Grand Total	1.848	64.145.377	90.352.605	80.486.613	22.562.160	8.246.856	12.586	265.808.045

Prior Period	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year		
TL								
Bank Deposit	-	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	-	-	-	-	-	-	-	-
Total	216	19.444.535	32.909.751	5.723.688	5.204.435	3.616.792	16.027	66.915.444
FC								
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
Total	2.076	3.042.870	2.763.173	274.884	257.855	438.036	2	6.778.896
Grand Total	2.292	22.487.405	35.672.924	5.998.572	5.462.290	4.054.828	16.029	73.694.340

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	750	41.040
Other ⁽¹⁾	524.802	226.247
Total	525.552	268.092

⁽¹⁾ Shows the Bank’s dividend income from subsidiaries, associates and entities under common control.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. Information on Trading Profit/Loss (Net)

	Current Period	Prior Period
Profit	628.732.213	406.833.503
Trading Gains on Securities	3.967.497	2.497.241
Profits on Derivative Financial Instruments	14.490.499	9.852.505
Foreign Exchange Profits	610.274.217	394.483.757
Loss (-)	609.936.247	404.918.169
Trading Losses on Securities	208.616	125.495
Losses on Derivative Financial Instruments	33.816.729	18.253.518
Foreign Exchange Loss	575.910.902	386.539.156

5. Information on Other Operating Income

Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 27.345.213 and income from sales of assets amounting to TL 1.652.985 (31 December 2022: 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).

6. Expected Credit Loss and Other Provision Expense

	Current Period	Prior Period
Expected Credit Loss Provision	30.669.895	29.545.406
12 Month Expected Credit Loss (Stage 1)	3.120.188	9.797.720
Significant Increase in Credit Risk (Stage 2)	15.368.998	15.326.057
Non-Performing Loans (Stage 3)	12.180.709	4.421.629
Marketable Securities Impairment Expense	730	4
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	730	4
Subsidiaries, Associates and Entities Under Common Control Impairment Provision	-	-
Associates	-	-
Subsidiaries	-	-
Entities Under Common Control	-	-
Other	123.739	28.794.108
Total	30.794.364	58.339.518

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information Related to Other Operating Expenses

	Current Period	Prior Period
Reserve for Employee Termination Benefits	834.085	681.384
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	100
Depreciation Expenses of Tangible Assets	1.881.151	772.189
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	367.855	226.378
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	27.805.529	7.777.251
Leasing Expenses Related to TFRS 16 Exceptions	191.723	104.297
Maintenance Expenses	3.822.815	478.546
Advertisement Expenses	1.122.298	467.555
Other Expenses	22.668.693	6.726.853
Loss on Sales of Assets	3.343	1.997
Other ⁽¹⁾	33.803.046	6.266.849
Total	64.695.009	15.726.148

(1) TL 5.181.001 is from Savings Deposit Insurance Fund rediscount expenses, TL 6.222.376 is from taxes, duties and fees, and TL 20.000.000 is from donations made to AFAD due to the earthquake disaster in Kahramanmaraş and surrounding provinces in February. (31 December 2022: TL 2.689.851 consists of Savings Deposit Insurance Fund rediscount expenses, TL 2.480.727 consists of taxes, duties and fees).

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:

	Current Period	Prior Period
Independent Audit Fee	46.058	24.073
Tax Consultancy Fee	2.691	1.310
Other Assurance Services Fee	1.331	1.402
Other Non-Audit Services Fee	1.585	1.517
Total	51.665	28.302

(*) The fee information is given over the amounts excluding VAT in the table.

(**) Amounts are presented on a consolidated basis, including domestic and foreign subsidiaries of the Bank.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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:

	Current Period	Prior Period
Net Interest Income	129.596.906	121.482.897
Net Fees and Commissions Income	31.451.328	13.124.251
Other Operating Income	33.258.005	7.735.953
Dividend Income	525.552	268.092
Trading Profit/Loss (Net)	18.795.966	1.915.334
Personnel Expenses (-)	22.570.614	9.210.322
Expected Credit Loss (-)	30.669.895	29.545.406
Other Provision Expenses (-)	124.469	28.794.112
Other Operating Expenses (-)	64.695.009	15.726.148
Profit / (Loss) From Continuing Operations	95.567.770	61.250.539

10. Information on Tax Provision for Continued and Discontinued Operations

As of 31 December 2023, TL 5.716.290 of the Bank’s total tax provision expense amounting to TL 22.305.447 consists of current tax expense while remaining balances amounting to TL 16.589.157 consists of deferred tax income. (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)

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 89.851.480 (31 December 2022: TL 41.092.377).

12. Explanation 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 Parent Bank mainly utilizes its resources from domestic deposits on loans, securities and interbank operations. Besides, income is obtained by commissions taken from non-cash loans, other banking operations with 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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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 84.600.000 (31 December 2022: TL 34.900.000).

2. Explanations on Profit Distribution

According to the Bank’s Ordinary General Assembly Meeting dated 2 August 2023;

In accordance with the first paragraph of Article 33 of the Bank’s Articles of Association regarding the determination, allocation and distribution of net period profit; Allocating 5% (TL 2.054.619) of legal reserves from the net period profit of TL 41.092.377.

Within the scope of Article 5/1-e of the Corporate Tax Law No. 5520, TL 15.957 which is the part associated with the period profit, within 50% of the real estate sales gain exemption base calculated in accordance with the TPL, and TL 78, which is 75% of the subsidiary share sale gain exemption base. TL is transferred to a special fund account under equity in accordance with the relevant law article to be monitored until the end of the 5th year following the year of sale, and the remaining TL 39.021.724 is transferred to extraordinary reserves,

From TL 45.090 resulting from real estate valuation differences and monitored in previous years’ profits 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 23.726, which is the associated portion, to be 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 1.068) of legal reserves over the remaining TL 21.363, and the remaining TL 20.295. It has been decided to transfer to extraordinary reserves.

The Bank plans to distribute the profit it earned in 2023 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 115.054.225, legal reserves were TL 7.835.469 and extraordinary reserves were TL 107.218.756 (As of 31 December 2022, profit reserves were TL 73.956.519, legal reserves were TL 5.779.782 and extraordinary reserves were TL 68.176.737).

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 6.521.625 of the income amount, TL 335.621.154 mainly consists of the interests received from loans and securities, and TL 252.503.974 mostly consists of the interests given to deposits and money market transactions. (31 December 2022: 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.) 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 13.197.793 income as of 31 December 2023 (31 December 2022: TL 4.383.503 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

Period Opening	Current Period	Prior Period
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
Total Cash and Cash Equivalents	196.275.719	95.667.786

Period End	Current Period	Prior Period
Cash in TL and in Foreign Currency	26.080.729	15.127.187
Central Bank of the Republic of Türkiye and Other Banks	246.526.415	175.771.059
Money Market Operations	149.795.714	5.377.473
Total Cash and Cash Equivalents	422.402.858	196.275.719

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**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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
Current Period						
Loans						
Beginning Balance	5.664.719	6.688.146	-	-	-	-
Ending Balance	10.976.098	15.235.419	-	-	-	-
Interest and Commissions Income	878.111	1.401	-	-	-	-

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
Prior Period						
Loans						
Beginning Balance	4.147.452	8.985.638	-	-	-	-
Ending Balance	5.664.719	6.688.146	-	-	-	-
Interest and Commissions Income	280.558	912	-	-	-	-

1.2. Information on Deposits 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	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Beginning Balance	7.116.434	3.495.970	-	-	-	-
Ending Balance	7.442.026	7.116.434	-	-	-	-
Interest Expense on Deposits	640.393	141.312	-	-	-	-

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
Transactions at fair value through Profit or Loss						
Beginning Balance	217.368	489.081	-	-	-	-
Ending Balance	382.318	217.368	-	-	-	-
Total Profit/Loss	(163.519)	45.529	-	-	-	-
Risk Protection Oriented Processes						
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 key management amount to TL 53.606 (31 December 2022: TL 24.604).

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VIII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

IX. EXPLANATIONS AND NOTES RELATED TO DOMESTIC, FOREIGN, OFF-SHORE BRANCHES OR AFFILIATES AND FOREIGN REPRESENTATIVES OF THE BANK

1. Information on the Bank’s Domestic and Foreign Branches and Foreign Representatives of The Bank

	Number	Number of Employees			
Domestic Branch ⁽¹⁾	1.744	25.810			
			Country of Incorporation		
Foreign Representative Office	-	-			
				Total Assets	Statutory Share Capital
Foreign Branch ⁽²⁾	1	5	1- England	39.692.975	1.986.659
	5	5	2- Bulgaria	9.967.373	462.118
	2	3	3- Iraq	6.874.631	1.412.676
	3	2	4- Greece	3.372.104	1.061.399
	1	3	5- Saudi Arabia	1.994.058	435.231
	4	1	6- Kosovo	5.178.455	804.090
			7- T.R. of Northern Cyprus		
	8	35		22.581.105	692.385
	1	3	8- Bahrain	144.007.682	145.077
Off-Shore Banking Region Branches	-	-			

⁽¹⁾ Includes the employees of the domestic branches, including the employees of head office and regional management.

⁽²⁾ Local personnel working in overseas units and personnel temporarily assigned to subsidiaries and affiliates are excluded.

2. Information on The Bank About Opening, Closing, Changing its Organization Considerably for Domestic and Foreign Branches and Foreign Representatives of The Bank:

In 2023, a total of 12 new branches were opened in the country, including 7 branches and 5 mobile branches, and 1 branch was closed.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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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: January 2024

Outlook	Positive
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: September 2023

Foreign Currency Long Term IDR	B-
Outlook	Stable
Foreign Currency Short Term IDR	B
Local Currency Long Term IDR	B
Outlook	Stable
Local Currency Short Term IDR	B
National Long-Term Rating	AA(tur)
Outlook	Stable
Government Support Rating	ns
Viability Rating	b-

JCR Eurasia: January 2024

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.

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**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023**

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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 2023 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 16 February 2024 is presented preceding the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.