

*(Convenience Translation of Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish, See Section 3.1)*

Türkiye Cumhuriyeti Ziraat Bankası

Anonim Şirketi

Consolidated Financial Statements
As of and For the Three Month Period Ended 31 March 2019
With Independent Auditors' Review Report Thereon
*(Convenience Translation of consolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)*

24 May 2019

*This report contains "Independent Auditors' Review Report"
comprising 2 pages and; "Consolidated Financial Statements and
Related Disclosures and Footnotes" comprising 86 pages.*

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

REVIEW REPORT ON CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Board of Directors of Türkiye Cumhuriyeti Ziraat Bankası A.Ş.;

Introduction

We have reviewed the accompanying consolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. (the "Bank") and its consolidated financial subsidiaries (together referred to as the "Group") as at 31 March 2019 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial information for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of these consolidated interim financial information in accordance with the "Banking Regulation and Supervision Agency (BRSA) Accounting and 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 Board and Turkish Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by afore-mentioned legislations. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of review

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

Basis for the Qualified Conclusion

As mentioned in Section Five Note II.9.3.1 of Explanations and Notes to the consolidated Financial Statements, the accompanying consolidated interim financial information as of 31 March 2019 include general provision of total TL 982.000 thousands, that had been fully recognized as expense in prior periods, which is provided by the Bank management for the possible effects of the negative circumstances which may arise in economy or market conditions.

Qualified Conclusion

Based on our review, except for the effect of the matter described in the basis for the qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information do not presented fairly in all material respects, the financial position of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. and its consolidated financial subsidiaries at 31 March 2019, and its consolidated financial performance and its consolidated cash flows for the three-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

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

Erdal Tıkmak, SMMM
Partner

24 May 2019
İstanbul, Turkey

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note I Section Three, differ from the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the consolidated financial statements and IFRS

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

**THE CONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 31 MARCH 2019**

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

The consolidated financial report for three months includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency.

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON ACCOUNTING POLICIES
- EXPLANATIONS ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP
- EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS
- REVIEW REPORT
- INTERIM ACTIVITY REPORT

Within the framework of this financial report, our consolidated financial statements of subsidiaries, associates and jointly controlled entities are as follows:

DOMESTIC SUBSIDIARIES

Ziraat Hayat ve Emeklilik A.Ş.
Ziraat Sigorta A.Ş.
Ziraat Yatırım Menkul Değerler A.Ş.
Ziraat Portföy Yönetimi A.Ş.
Ziraat Katılım Bankası A.Ş.
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.
Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.

FOREIGN SUBSIDIARIES

Ziraat Bank International A.G.
Ziraat Bank BH d.d.
Ziraat Bank (Moscow) JSC
Kazakhstan Ziraat Int. Bank
Ziraat Bank Azerbaycan ASC
Ziraat Bank Montenegro AD
JSC Ziraat Bank Georgia
Ziraat Bank Uzbekistan JSC

ASSOCIATES

Arap Türk Bankası A.Ş.

JOINT VENTURES

Turkmen Turkish Joint Stock Commercial Bank

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

Dr. Ahmet GENÇ
Chairman of the Board

Hüseyin AYDIN
Member of the Board,
CEO

Feyzi ÇUTUR
Member of the Board,
Member of the Audit Committee

Yusuf BİLMEZ
Member of the Board,
Member of the Audit Committee

Bilgehan KURU
Executive Vice President of
Treasury and International Banking

Neslihan ARAS
Senior Vice President of Financial
Management

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

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

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CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2019

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

SECTION ONE

GENERAL INFORMATION ABOUT THE PARENT BANK

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

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

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

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

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

Name	Administrative Function
Members of the Board of Directors	
Dr. Ahmet GENÇ	Chairman
Hüseyin AYDIN	CEO and Member
Yusuf DAĞCAN	Vice Chairman and Member
Cemalettin BAŞLI	Member
Feyzi ÇUTUR	Member
Metin ÖZDEMİR	Member
Mahmut KAÇAR	Member
Salim ALKAN	Member
Yusuf BİLMEZ	Member
Audit Committee Members	
Yusuf BİLMEZ	Member
Feyzi ÇUTUR	Member
Executive Vice Presidents	
Ali KIRBAŞ	Banking Operations and Communication
Alpaslan ÇAKAR	Retail Branch Banking-2
Bilgehan KURU	Treasury and International Banking
Mehmet Cengiz GÖGEBAKAN	Loan Policies
Musa ARDA	Loan Allocation and Management
Peyami Ömer ÖZDİLEK	Internal Operations
Süleyman TÜRETKEN	Retail Branch Banking-1
Yüksel CESUR	Internal Systems

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2019

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

SECTION ONE (Continued)

GENERAL INFORMATION ABOUT THE PARENT BANK (Continued)

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

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

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

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

The purpose of activity of the Parent Bank is stated in articles of association as to perform all kinds of banking activities including acceptance of deposits. For this purpose, the Parent 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 conservative 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 March 2019, Parent Bank carries its activities with a grand total of 1.766 branches; 1.743 domestic branches including 19 corporate branches, 75 entrepreneurial branches, 1.644 branches and 5 mobile branches (31 December 2018: 1.750 domestic branches including 20 corporate branches, 87 entrepreneurial branches, 1.638 branches and 5 mobile branches) and 23 branches abroad London branch in England, Baghdad and Arbil branches in Iraq, Athens, Komotini, and Xanthi branches in Greece, Sofia, Plovdiv, Kardzhali and Varna branches in Bulgaria, Jeddah branch in Saudi Arabia, Pristina, Prizren and Peja branches in Kosovo, Bahrain branch in Bahrain, Lefkoşa, Girne, Güzelyurt, Gazimağusa, Gönyeli, Taşkıncöy, Karaoğlanoğlu and İskele branches in Turkish Republic of Northern Cyprus. The Bank also has 1 representative office in Tehran, Iran.

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

As of 31 March 2019, the Group has 27.140 employees (31 December 2018: 27.276).

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

According to Communiqué regarding the Preparation of the Consolidated Financial Statements and Turkish Accounting Standards, Arap Türk Bankası A.Ş., one of the associates of the Parent Bank, and Turkmen Turkish Joint Stock Commercial Bank which is an entity of Parent Bank under common control will be taken into the scope of consolidation “Equity Method” in accompanying consolidated financial statements of the Bank.

Ziraat Teknoloji A.Ş., which is subsidiary of the Bank, is not consolidated into the Bank's consolidated financial statements in accordance with Communiqué of the Preparation Consolidated Financial Statements since this entity is not financial institution. Kredi Kayıt Bürosu and Bankalararası Kart Merkezi which are associates of the bank are not consolidated but carried at cost since these entities are not controlled by the Parent Bank and are not financial subsidiaries.

All other subsidiaries are fully consolidated.

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

None.

SECTION TWO

Consolidated Financial Statements

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 MARCH 2019

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

I- BALANCE SHEET (CONSOLIDATED STATEMENT OF FINANCIAL POSITION)	Note (Section Five I)	Current Period 31 March 2019			Prior Period 31 December 2018		
		TL	FC	Total	TL	FC	Total
ASSETS							
I- FINANCIAL ASSETS (NET)		69.478.831	83.732.038	153.210.869	66.510.082	74.379.646	140.889.728
1.1 Cash and Cash Equivalents		8.335.522	49.714.466	58.049.988	7.814.343	44.400.782	52.215.125
1.1.1. Cash and Balances with Central Bank	(1)	5.712.600	44.850.123	50.562.723	5.159.473	37.723.020	42.882.493
1.1.2 Banks	(4)	2.316.459	4.849.841	7.166.300	2.594.530	6.502.590	9.097.120
1.1.3 Receivables from Money Markets		312.016	22.110	334.126	61.405	188.682	250.087
1.1.4 Allowance for Expected Credit Losses (-)		5.553	7.608	13.161	1.065	13.510	14.575
1.2 Financial Assets Measured at Fair Value Through Profit or Loss	(2)	532.416	6.678.935	7.211.351	536.584	6.246.194	6.782.778
1.2.1 Government Securities		502.980	6.242.131	6.745.111	505.480	5.895.402	6.400.882
1.2.2 Equity Securities		8	-	8	8	-	8
1.2.3 Other Financial Assets		29.428	436.804	466.232	31.096	350.792	381.888
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income	(5),(6)	57.978.389	26.589.724	84.568.113	56.610.615	23.222.432	79.833.047
1.3.1 Government Securities		56.314.280	25.807.879	82.122.159	55.241.367	22.647.572	77.888.939
1.3.2 Equity Securities		131.481	319.578	451.059	125.580	252.138	377.718
1.3.3 Other Financial Assets		1.532.628	462.267	1.994.895	1.243.668	322.722	1.566.390
1.4 Derivative Financial Assets	(3)	2.632.504	748.913	3.381.417	1.548.540	510.238	2.058.778
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit or Loss		2.632.504	748.913	3.381.417	1.548.540	510.238	2.058.778
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		291.186.061	148.583.815	439.769.876	268.866.687	140.472.202	409.338.889
2.1 Loans	(7)	293.552.304	142.571.346	436.123.650	270.654.402	133.874.529	404.528.931
2.2 Receivables from Leasing Transactions	(12)	1.403.202	2.224.717	3.627.919	1.449.276	2.529.404	3.978.680
2.3 Factoring Receivables		-	1.973	1.973	-	2.147	2.147
2.4 Other Financial Assets Measured at Amortized Cost	(8)	5.486.818	4.309.670	9.796.488	5.404.610	4.877.935	10.282.545
2.4.1 Government Securities		5.335.844	4.295.765	9.631.609	5.207.791	4.876.659	10.084.450
2.4.2 Other Financial Assets		150.974	13.905	164.879	196.819	1.276	198.095
2.5 Allowance for Expected Credit Losses (-)		9.256.263	523.891	9.780.154	8.641.601	811.813	9.453.414
III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS (Net)	(15)	1.594.426	71	1.594.497	1.230.611	68	1.230.679
3.1 Held for Sale		1.594.426	71	1.594.497	1.230.611	68	1.230.679
3.2. Held from Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		158.318	95.271	253.589	147.786	89.787	237.573
4.1 Investments in Associates (Net)	(9)	150.343	2.458	152.801	139.811	2.337	142.148
4.1.1. Associates Accounted by Using Equity Method		141.400	-	141.400	133.745	-	133.745
4.1.2 Unconsolidated Associates		8.943	2.458	11.401	6.066	2.337	8.403
4.2 Subsidiaries (Net)	(10)	7.975	-	7.975	7.975	-	7.975
4.2.1 Unconsolidated Financial Subsidiaries		1.738	-	1.738	1.738	-	1.738
4.2.2 Unconsolidated Non-Financial Subsidiaries		6.237	-	6.237	6.237	-	6.237
4.3 Joint Ventures (Net)	(11)	-	92.813	92.813	-	87.450	87.450
4.3.1. Jointly Controlled Partnerships Accounted by Using Equity Method		-	92.813	92.813	-	87.450	87.450
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	(16)	7.410.193	267.309	7.677.502	6.600.795	202.960	6.803.755
VI. INTANGIBLE ASSETS (Net)		790.018	48.241	838.259	683.280	48.426	731.706
6.1 Goodwill		30.723	-	30.723	-	-	-
6.2 Other		759.295	48.241	807.536	683.280	48.426	731.706
VII. INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		5.478	7.350	12.828	53.287	7.336	60.623
IX. DEFERRED TAX ASSET		2.589.083	100	2.589.183	1.639.462	96	1.639.558
X. OTHER ASSETS (Net)	(20)	3.140.677	2.431.118	5.571.795	4.234.374	3.220.111	7.454.485
TOTAL ASSETS		376.353.085	235.165.313	611.518.398	349.966.364	218.420.632	568.386.996

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 MARCH 2019

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

I- BALANCE SHEET (CONSOLIDATED STATEMENT OF FINANCIAL POSITION)	Note (Section Five II)	Current Period 31 March 2019			Prior Period 31 December 2018		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	(1)	196.342.675	209.925.509	406.268.184	184.601.759	169.773.489	354.375.248
II. FUNDS BORROWED	(3)	956.655	35.015.806	35.972.461	1.196.347	33.652.422	34.848.769
III. MONEY MARKET FUNDS	(4)	40.580.469	19.166.498	59.746.967	56.213.158	12.390.480	68.603.638
IV. SECURITIES ISSUED (Net)	(5)	4.474.669	13.524.646	17.999.315	4.326.776	12.617.088	16.943.864
4.1 Bills		1.612.586	188.009	1.800.595	1.761.094	106.896	1.867.990
4.2 Asset Backed Securities		1.851.393	-	1.851.393	1.375.097	-	1.375.097
4.3 Bonds		1.010.690	13.336.637	14.347.327	1.190.585	12.510.192	13.700.777
V. FUNDS		6.087.025	-	6.087.025	6.073.748	-	6.073.748
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		6.087.025	-	6.087.025	6.073.748	-	6.073.748
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)	379.545	1.261.406	1.640.951	1.156.322	511.847	1.668.169
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		379.545	1.261.406	1.640.951	1.156.322	511.847	1.668.169
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES (Net)	(7)	601.953	126.143	728.096	-	-	-
X. PROVISIONS	(9)	5.169.803	150.661	5.320.464	4.637.486	113.586	4.751.072
10.1 General Loan Loss Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		1.544.939	4.742	1.549.681	1.342.697	4.324	1.347.021
10.3 Insurance Technical Provisions (Net)		2.062.221	-	2.062.221	1.739.355	-	1.739.355
10.4 Other Provisions		1.562.643	145.919	1.708.562	1.555.434	109.262	1.664.696
XI. CURRENT TAX LIABILITY	(10)	1.496.125	2.109	1.498.234	1.607.656	19.295	1.626.951
XII. DEFERRED TAX LIABILITY	(10)	-	4.371	4.371	-	8.669	8.669
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	(11)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	(12)	-	-	-	-	-	-
14. Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	(6)	6.476.046	10.678.464	17.154.510	8.547.463	10.810.430	19.357.893
XVI. SHAREHOLDERS' EQUITY	(13)	62.715.914	(3.618.094)	59.097.820	62.844.885	(2.715.910)	60.128.975
16.1 Paid-in capital		6.100.000	-	6.100.000	6.100.000	-	6.100.000
16.2 Capital Reserves		(515)	-	(515)	(483)	-	(483)
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		(515)	-	(515)	(483)	-	(483)
16.3 Other Accumulated Comprehensive Income that Will not be Reclassified in Profit or Loss		4.103.267	259.193	4.362.460	4.110.411	67.143	4.177.554
16.4 Other Accumulated Comprehensive Income that Will be Reclassified in Profit or Loss		(2.405.518)	(3.877.287)	(6.282.805)	(780.255)	(2.783.053)	(3.563.308)
16.5 Profit Reserves		37.184.080	-	37.184.080	37.320.380	-	37.320.380
16.5.1 Legal Reserves		4.026.361	-	4.026.361	4.026.361	-	4.026.361
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		33.157.719	-	33.157.719	31.732.384	-	31.732.384
16.5.4 Other Profit Reserves		-	-	-	1.561.635	-	1.561.635
16.6 Profit or (Loss)		17.731.818	-	17.731.818	16.092.374	-	16.092.374
16.6.1 Prior Periods' Profit or (Loss)		16.105.757	-	16.105.757	6.748.737	-	6.748.737
16.6.2 Current Period Profit or (Loss)		1.626.061	-	1.626.061	9.343.637	-	9.343.637
16.7 Minority Shares		2.782	-	2.782	2.458	-	2.458
TOTAL LIABILITIES AND EQUITY		325.280.879	286.237.519	611.518.398	331.205.600	237.181.396	568.386.996

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

CONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AS OF 31 MARCH 2019

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

III.	CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period 31 March 2019			Prior Period 31 December 2018		
			TL	FC	Total	TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		162.746.200	306.182.828	468.929.028	100.186.509	221.199.122	321.385.631
I.	GUARANTEES AND WARRANTIES	(1)	42.650.823	93.196.852	135.847.675	42.358.851	89.288.857	131.647.708
1.1	Letters of Guarantee		42.277.495	63.209.258	105.486.753	42.052.714	61.662.493	103.715.207
1.1.1	Guarantees Subject to State Tender Law		1.456.477	14.080.934	15.537.411	1.809.270	13.798.953	15.608.223
1.1.2	Guarantees Given for Foreign Trade Operations		35.922.650	44.434.096	80.356.746	35.394.204	43.373.848	78.768.052
1.1.3	Other Letters of Guarantee		4.898.368	4.694.228	9.592.596	4.849.240	4.489.692	9.338.932
1.2	Bank Acceptances		7.343	8.959.039	8.966.382	26.238	8.290.788	8.317.026
1.2.1	Import Letter of Acceptance		7.343	8.953.676	8.961.019	26.238	8.288.714	8.314.952
1.2.2	Other Bank Acceptances		-	5.363	5.363	-	2.074	2.074
1.3	Letters of Credit		361.855	19.477.506	19.839.361	274.137	18.114.396	18.388.533
1.3.1	Documentary Letters of Credit		361.855	19.385.640	19.747.495	274.137	18.008.378	18.282.515
1.3.2	Other Letters of Credit		-	91.866	91.866	-	106.018	106.018
1.4	Pre-financing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		-	548.069	548.069	-	202.092	202.092
1.5.1	Endorsements to the Central Bank of Turkey		-	548.069	548.069	-	202.092	202.092
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7	Factoring Guarantees		-	1.993	1.993	-	2.172	2.172
1.8	Other Guarantees		-	997.630	997.630	-	1.010.273	1.010.273
1.9	Other Warranties		4.130	3.357	7.487	5.762	6.643	12.405
II.	COMMITMENTS	(1)	70.756.324	44.863.989	115.620.313	36.323.782	14.578.481	50.902.263
2.1	Irrevocable Commitments		70.756.324	40.463.837	111.220.161	36.150.769	10.188.966	46.339.735
2.1.1	Asset Purchase and Sale Commitments		31.071.536	35.384.437	66.455.973	2.192.245	5.070.064	7.262.309
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Loan Granting Commitments		9.458.931	26.659	9.485.590	8.547.764	20.980	8.568.744
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		3.740.602	26	3.740.628	2.876.065	37	2.876.102
2.1.8	Tax and Fund Liabilities from Export Commitments		8.404	-	8.404	6.925	-	6.925
2.1.9	Commitments for Credit Card Limits		17.111.531	23.635	17.135.166	13.341.463	22.436	13.363.899
2.1.10	Commitments for Credit Cards and Banking Services Promotions		25.778	-	25.778	23.620	-	23.620
2.1.11	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments		9.339.542	5.029.080	14.368.622	9.162.687	5.075.449	14.238.136
2.2	Revocable Commitments		-	4.400.152	4.400.152	173.013	4.389.515	4.562.528
2.2.1	Revocable Loan Granting Commitments		-	311.386	311.386	-	372.805	372.805
2.2.2	Other Revocable Commitments		-	4.088.766	4.088.766	173.013	4.016.710	4.189.723
III.	DERIVATIVE FINANCIAL INSTRUMENTS		49.339.053	168.121.987	217.461.040	21.503.876	117.331.784	138.835.660
3.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Transactions		49.339.053	168.121.987	217.461.040	21.503.876	117.331.784	138.835.660
3.2.1	Forward Foreign Currency Buy/Sell Transactions		6.834.294	7.771.480	14.605.774	2.524.108	3.223.439	5.747.547
3.2.1.1	Forward Foreign Currency Transactions-Buy		3.427.551	3.819.613	7.247.164	1.014.221	1.760.205	2.774.426
3.2.1.2	Forward Foreign Currency Transactions-Sell		3.406.743	3.951.867	7.358.610	1.509.887	1.463.234	2.973.121
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		42.504.759	160.297.751	202.802.510	18.958.168	114.084.371	133.042.539
3.2.2.1	Foreign Currency Swap-Buy		118.589	86.862.490	86.981.079	242.703	51.873.780	52.116.483
3.2.2.2	Foreign Currency Swap-Sell		42.386.170	43.818.527	86.204.697	18.715.465	33.664.910	52.380.396
3.2.2.3	Interest Rate Swap-Buy		-	14.808.367	14.808.367	-	14.272.830	14.272.830
3.2.2.4	Interest Rate Swap-Sell		-	14.808.367	14.808.367	-	14.272.830	14.272.830
3.2.3	Foreign Currency, Interest rate and Securities Options		-	52.756	52.756	21.600	23.974	45.574
3.2.3.1	Foreign Currency Options-Buy		-	26.378	26.378	10.800	11.987	22.787
3.2.3.2	Foreign Currency Options-Sell		-	26.378	26.378	10.800	11.987	22.787
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		1.546.962.186	226.142.636	1.773.104.822	1.351.947.272	250.674.668	1.602.621.940
IV.	ITEMS HELD IN CUSTODY		628.463.429	33.459.481	661.922.910	484.862.074	29.618.131	514.480.205
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		15.820.625	11.145.357	26.965.982	19.513.200	9.949.943	29.463.143
4.3	Checks Received for Collection		10.158.152	1.532.297	11.690.449	10.913.777	1.298.021	12.211.798
4.4	Commercial Notes Received for Collection		9.868.586	944.401	10.812.987	9.935.885	899.959	10.835.844
4.5	Other Assets Received for Collection		8.816	-	8.816	8.816	-	8.816
4.6	Assets Received for Public Offering		554.745.164	-	554.745.164	421.800.764	7.242	421.808.006
4.7	Other Items Under Custody		37.860.437	19.302.139	57.162.576	22.687.433	17.067.264	39.754.697
4.8	Custodians		1.649	535.287	536.936	2.199	395.702	397.901
V.	PLEDGES RECEIVED		917.241.739	189.562.730	1.106.804.469	865.830.685	218.134.914	1.083.965.599
5.1	Marketable Securities		4.062.291	1.587.728	5.650.019	2.419.375	1.439.047	3.858.422
5.2	Guarantee Notes		17.120.812	4.729.981	21.850.793	17.840.388	4.474.610	22.314.998
5.3	Commodity		2.343.138	510.516	2.853.654	2.371.854	452.978	2.824.832
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		801.974.041	121.703.469	923.677.510	756.841.771	153.479.598	910.321.369
5.6	Other Pledged Items		91.736.248	61.010.474	152.746.722	86.352.088	58.269.304	144.621.392
5.7	Pledged Items-Depository		5.209	20.562	25.771	5.209	19.377	24.586
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		1.257.018	3.120.425	4.377.443	1.254.513	2.921.623	4.176.136
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)			1.709.708.386	532.325.464	2.242.033.850	1.452.133.781	471.873.790	1.924.007.571

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2019

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

IV. CONSOLIDATED STATEMENT OF PROFIT OR LOSS INCOME AND EXPENSE ITEMS	Note (Section Five IV)	Current Period	Prior Period
		1 January-31 March 2019	1 January-31 March 2018
I. INTEREST INCOME	(1)	16.645.046	10.628.720
1.1 Interest on Loans		12.974.494	8.700.335
1.2 Interest Received from Reserve Deposits		157.814	121.695
1.3 Interest Received from Banks		210.300	84.022
1.4 Interest Received from Money Market Transactions		573	12.738
1.5 Interest Received from Marketable Securities Portfolio		3.142.029	1.623.976
1.5.1 Financial Assets at Fair Value Through Profit or Loss		3.181	923
1.5.2 Financial Assets at Fair Value through Other Comprehensive Income		2.804.013	1.479.231
1.5.3 Financial Assets Measured at Amortized Cost		334.835	143.822
1.6 Financial Lease Interest Income		87.190	52.963
1.7 Other Interest Income		72.646	32.991
II. INTEREST EXPENSE (-)	(2)	11.085.258	5.613.379
2.1 Interest on Deposits		7.478.200	3.665.347
2.2 Interest on Funds Borrowed		496.471	281.398
2.3 Interest on Money Market Transactions		2.705.954	1.377.823
2.4 Interest on Securities Issued		287.092	236.037
2.5 Financial Lease Interest Expenses		24.738	4
2.6 Other Interest Expenses		92.803	52.770
III. NET INTEREST INCOME (I - II)		5.559.788	5.015.341
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		821.681	616.947
4.1 Fees and Commissions Received		1.398.295	698.750
4.1.1 Non-cash Loans		242.860	149.753
4.1.2 Other		1.155.435	548.997
4.2 Fees and Commissions Paid		576.614	81.803
4.2.1 Non-cash Loans		384	158
4.2.2 Other		576.230	81.645
V. DIVIDEND INCOME		10.072	2.038
VI. TRADING INCOME /(LOSS) (Net)	(3)	(1.410.069)	(564.413)
6.1 Profit/Losses from Capital Market Transactions		1.675	2.110
6.2 Profit/Losses from Derivative Financial Transactions		(1.659.434)	(446.848)
6.3 Foreign Exchange Profit/Losses		247.690	(119.675)
VII. OTHER OPERATING INCOME	(4)	1.260.658	1.157.403
VIII. GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		6.242.130	6.227.316
IX. ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	(5)	1.220.725	1.078.129
X. OTHER PROVISION EXPENSES (-)		206.710	134.353
XI. PERSONNEL EXPENSE (-)		933.667	764.480
XII. OTHER OPERATING EXPENSES (-)	(6)	1.816.899	1.425.236
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X)		2.064.129	2.825.118
XIV. SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		13.180	6.788
XVI. INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)	(7)	2.077.309	2.831.906
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(8)	(451.116)	(620.630)
18.1 Current Tax Provision		(622.041)	(795.975)
18.2 Expense Effect of Deferred Tax (+)		(1.304.830)	(329.373)
18.3 Income Effect of Deferred Tax (-)		1.475.755	504.718
XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI+XVII)	(9)	1.626.193	2.211.276
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1 Income from Assets Held for Sale		-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3 Income from Other Discontinued Operations		-	-
XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-
21.1 Expenses on Assets Held for Sale		-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3 Other Expenses from Discontinued Operations		-	-
XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)		-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1 Current Tax Provision		-	-
23.2 Expense Effect of Deferred Tax (+)		-	-
23.3 Income Effect of Deferred Tax (-)		-	-
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII+XXIII)		-	-
XXV. NET PROFIT/(LOSS) (XVIII+XXII)	(10)	1.626.193	2.211.276
25.1 Profit/(Loss) from the Group		1.626.061	2.211.159
25.2 Profit/(Loss) from Minority Interest		132	117
Earnings/(Loss) per share (in TL full)		0,267	0,395

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE
THREE MONTH ENDED 31 MARCH 2019**

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

V. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Current Period	Prior Period
	1 January-31 March 2019	1 January-31 March 2018
I. CURRENT PERIOD PROFIT/LOSS	1.626.193	2.211.276
II. OTHER COMPREHENSIVE INCOME	(2.670.715)	(693.089)
2.1 Other Comprehensive Income That Will Not be Reclassified to Profit or Loss	48.590	(33.941)
2.1.1 Property and Equipment Revaluation Increase/Decrease	(16.983)	(37.335)
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain/Loss	-	-
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	78.115	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(12.542)	3.394
2.2 Other Comprehensive Income That Will be Reclassified to Profit or Loss	(2.719.305)	(659.148)
2.2.1 Foreign Currency Translation Differences	251.978	257.273
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(3.625.332)	(1.119.187)
2.2.3 Cash Flow Hedge Income/Loss	-	-
2.2.4 Foreign Net Investment Hedge Income/Loss	-	-
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Losses	-	1.134
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	654.049	201.632
III. TOTAL COMPREHENSIVE INCOME (I+II)	(1.044.522)	1.518.187

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2018

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

VI. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share certificate Cancel profits	Other capital reserves	Other Accumulated Comprehensive Income That Will Not Be Reclassified to Profit or Loss			Other Accumulated Comprehensive Income That Will Be Reclassified to Profit or Loss			Profit Reserves	Prior period net profit/(loss)	Current period net profit/(loss)	Total Equity Except from Minority Shares	Minority Shares	Total Equity
					1	2	3	4	5	6						
					Prior Period											
31 March 2018																
I. Balance at the beginning of the period	5.600.000	-	-	(252)	4.064.351	(95.521)	-	2.120.621	(953.956)	17.388	29.660.259	8.068.601	-	48.481.491	1.665	48.483.156
II. Adjustment in accordance with TMS 8	-	-	-	-	-	-	-	-	2.402	-	-	5.401.136	-	5.403.538	-	5.403.538
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	2.402	-	-	5.401.136	-	5.403.538	-	5.403.538
III. New balance (I+II)	5.600.000	-	-	(252)	4.064.351	(95.521)	-	2.120.621	(951.554)	17.388	29.660.259	13.469.737	-	53.885.029	1.665	53.886.694
IV. Total comprehensive income (loss)	-	-	-	-	(33.941)	-	-	257.273	(917.366)	945	(11)	-	2.211.159	1.518.059	322	1.518.381
V. Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt Increase (decrease) through other changes, equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Profit distribution	-	-	-	(111)	-	-	-	-	-	-	421	-	-	310	-	310
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the End of the Period (III+IV+.....+X+XI)	5.600.000	-	-	(363)	4.030.410	(95.521)	-	2.377.894	(1.868.920)	18.333	29.660.669	13.469.737	2.211.159	55.403.398	1.987	55.405.385

1. Tangible and Intangible Assets Revaluation Reserve

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

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

4. Exchange Differences on Translation

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

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

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share certificate Cancel profits	Other capital reserves	Other Accumulated Comprehensive Income That Will Not Be Reclassified to Profit or Loss			Other Accumulated Comprehensive Income That Will Be Reclassified to Profit or Loss			Profit Reserves	Prior period net profit/(loss)	Current period net profit/(loss)	Total Equity Except from Minority Shares	Minority Shares	Total Equity	
					1	2	3	4	5	6							
					Current Period												
31 March 2019																	
I. Balance at the beginning of the period	6.100.000	-	-	(483)	3.966.201	(32.536)	243.889	2.643.725	(6.207.033)	-	37.320.380	16.092.374	-	60.126.517	2.458	60.128.975	
II. Adjustment in accordance with TMS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. New balance (I+II)	6.100.000	-	-	(483)	3.966.201	(32.536)	243.889	2.643.725	(6.207.033)	-	37.320.380	16.092.374	-	60.126.517	2.458	60.128.975	
IV. Total comprehensive income (loss)	-	-	-	-	(15.439)	-	64.029	251.978	(2.971.475)	-	-	-	1.626.061	(1.044.846)	324	(1.044.522)	
V. Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Increase (decrease) through other changes, equity	-	-	-	(32)	136.316	-	-	-	-	-	(136.300)	13.383	-	13.367	-	13.367	
XI. Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2 Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance at the End of the Period (III+IV+.....+X+XI)	6.100.000	-	-	(515)	4.087.078	(32.536)	307.918	2.895.703	(9.178.508)	-	37.184.080	16.105.757	1.626.061	59.095.038	2.782	59.097.820	

1. Tangible and Intangible Assets Revaluation Reserve

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

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

4. Exchange Differences on Translation

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

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

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

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AS OF 31 MARCH 2019
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)**

VII. CONSOLIDATED STATEMENT OF CASH FLOWS			
	Note (Section Five VI)	Current Period 1 January-31 March 2019	Prior Period 1 January-31 March 2018
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		(119.208)	1.529.838
1.1.1 Interest Received		10.460.737	9.586.778
1.1.2 Interest Paid		(9.555.586)	(4.775.970)
1.1.3 Dividend Received		7.310	-
1.1.4 Fees and Commissions Received		1.383.433	841.443
1.1.5 Other Income		1.038.560	1.093.449
1.1.6 Collections from Previously Written-off Loans and Other Receivables		486.534	279.961
1.1.7 Cash Payments to Personnel and Service Suppliers		(1.055.895)	(919.923)
1.1.8 Taxes Paid		(1.011.288)	(442.816)
1.1.9 Other		(1.873.013)	(4.133.084)
1.2 Changes in Operating Assets and Liabilities		9.355.562	2.437.273
1.2.1 Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		(426.306)	32.044
1.2.2 Net (increase) / decrease in due from banks and other financial institutions		(2.515.126)	(4.054.739)
1.2.3 Net (increase) / decrease in loans		(25.926.917)	(11.243.658)
1.2.4 Net (increase) / decrease in other assets		943.782	(2.985.356)
1.2.5 Net increase / (decrease) in bank deposits		(6.778.250)	4.398.111
1.2.6 Net increase / (decrease) in other deposits		45.114.686	12.004.379
1.2.7 Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss		(13.458)	36.227
1.2.8 Net increase / (decrease) in funds borrowed		1.123.692	1.525.874
1.2.9 Net increase / (decrease) in payables		-	-
1.2.10 Net increase / (decrease) in other liabilities		(2.166.541)	2.724.391
I. Net Cash Provided from Banking Operations		9.236.354	3.967.111
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II. Net Cash Provided from Investing Activities		(9.385.640)	(3.070.293)
2.1 Cash paid for acquisition of investments, associates and subsidiaries		(33.283)	-
2.2 Cash obtained from disposal of investments, associates and subsidiaries		-	-
2.3 Purchases of tangible assets		(980.300)	(11.371)
2.4 Disposals of tangible assets		114.099	66.806
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(12.564.121)	(6.231.320)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		4.326.719	2.482.264
2.7 Purchase of Financial Assets Measured at Amortized Cost		(63.275)	(67.161)
2.8 Sale of Financial Assets Measured at Amortized Cost		845.676	984.630
2.9 Other		(1.031.155)	(294.141)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		312.920	565.495
3.1 Cash Obtained from Funds Borrowed and Securities Issued		10.081.408	8.558.565
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(9.768.488)	(7.993.070)
3.3 Issued Equity Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		928.063	336.332
V. Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)		1.091.697	1.798.645
VI. Cash and Cash Equivalents at the Beginning of the Period		28.295.446	13.839.511
VII. Cash and Cash Equivalents at the End of the Period		29.387.143	15.638.156

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2019**
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

The consolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Law numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and other regulations related to reporting principles on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA) and circulars and interpretations published by BRSA (together referred as BRSA Accounting and Reporting Legislation) and in case where a specific regulation is not made by BRSA, Turkish Accounting Standards, within the scope of Turkish Accounting Standards (“TAS”) and Turkish Financial Reporting Standards (“TFRS”) and related appendices and interpretations (referred as “Turkish Accounting and Financial Reporting Regulations” or “Reporting Standards”) put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”).

The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements”, published in the Official Gazette No. 28337, dated 28 June 2012 and amendments to these Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

Financial statements of subsidiaries in abroad are prepared in accordance with prevalent law and legislation in their country, adjustments and reclassifications are reflected on the purpose of fair presentation pursuant to TFRS.

The consolidated financial statements have been prepared in thousands of Turkish Lira (“TL”), under the historical cost convention, except for the financial assets, liabilities, buildings and properties carried at fair value.

The preparation of financial statements requires the use of certain critical estimates on assets and liabilities reported as of balance sheet date or amount of contingent assets and liabilities explained and amount of income and expenses occurred in related period. Although these estimates rely on the management’s best judgment, actual results can vary from these estimates. Judgements and estimates are explained in related notes.

Unless otherwise specified, all balances in the financial statements and footnotes are expressed in Thousand Turkish Lira (“TL”).

In accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements”, published in the Official Gazette No. 30673, dated 01 February 2019, prior period financial statements are alligned with latest financial statement format.

Changes in Accounting Policies

The Group has put TFRS 16 Leases standard into use starting from January 2019 for operational leasing transactions that the Bank is a counterparty. For the transactions the Bank is lessee, the Bank used the model the standard projects except for the low value assets and short term leasings (1 year or less).

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

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2019
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION(Continued)

Changes in Accounting Policies

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

TFRS 16 Leases Standard Transition Effect

	31 December 2018	TFRS 16 Reclassification Effect	TFRS 16 Transition Effect	1 January 2019
Tangibles (Net)	6.252.971	16.313	620.838	6.890.122
Intangibles (Net)	488.666	-	92.651	581.317
Other Assets (Net)	7.508.585	(16.313)	-	7.492.272
Lease Payables (Net)	-	-	713.489	713.489

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

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

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

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

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

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

USD capital amounts transferred to the equity participations operating The Parent Bank’s abroad are evaluated and presented on the financial statements with the exchange rate on valuation date. For currency risk arising from foreign currency translation, Euro denominated deposits are used as hedging instruments.

Assets and liabilities and income statement items of the abroad branches of the Parent Bank are converted into Turkish Lira with the Parent Bank’s prevailing counter currency buying rates at the balance sheet date.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKiYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2019
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. INFORMATION ON CONSOLIDATED SUBSIDIARIES

1. Consolidation Principles Applied

The consolidated financial statements have been prepared in accordance with the procedures listed in the “Communiqués related to the Regulation on the Preparation of the Consolidated Financial Statements of Banks” published in the Official Gazette No. 26340 dated 8 November 2006 and the “Consolidated Financial Statements” (“TFRS 10”).

1.1. Consolidation Principles for Subsidiaries

Subsidiaries (including special purpose entity) are all entities, in which the Group has power to control the financial and operating policies for the benefit of the Parent Bank, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the using rights, otherwise having the power to exercise control over the financial and operating policies.

Control is evident when the Parent Bank owns, either directly or indirectly, the majority of the share capital of the company or owns the privileged shares or owns the right of controlling the operations of the company in accordance with the agreements made with other shareholders or owns the right of appointment or the designation of the majority of the board of directors of the company.

Subsidiaries are consolidated with full consolidation method by considering the outcomes of their activities and the size of their assets and shareholders’ equity in scope of the materiality principle. Financial statements of the related subsidiaries are included in the consolidated financial statements beginning from the date control on their activities are transferred to the Group. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In accordance with the full consolidation method, balance sheet, income statement and off balance sheet items of the subsidiaries have been consolidated line by line with the balance sheet, income statement and off balance sheet of the Parent Bank. The book value of the investments of the Group in each subsidiary has been netted off with the portion of each subsidiary’s capital that belongs to the Group. Unrealized gains and losses and balances resulting from the transactions among the subsidiaries included in consolidation have been eliminated. In order to determine the net income of the Group, minority shares in the net income of the consolidated subsidiaries have been identified and deducted from the net income of the subsidiary. In the consolidated balance sheet, minority shares have been presented separately from the liabilities and the shares of the Group shareholders. Also, in the income statement, minority shares have been presented separately.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2019
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. INFORMATION ON CONSOLIDATED SUBSIDIARIES (Continued)

1. Consolidation Principles Applied (Continued)

1.1. Consolidation Principles for Subsidiaries(Continued)

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

Title	Address (City/Country)	Main Activities	31 March 2019		31 December 2018	
			Parent Bank's Share Percentage (%)	Parent Bank's Risk Group Share Percentage (%)	Parent Bank's Share Percentage (%)	Parent Bank's Risk Group Share Percentage (%)
Ziraat Hayat ve Emeklilik A.Ş.	İstanbul/Turkey	Insurance	100,00	100,00	100,00	100,00
Ziraat Sigorta A.Ş.	İstanbul/Turkey	Insurance	100,00	100,00	100,00	100,00
Ziraat Finansal Kiralama A.Ş.	İstanbul/Turkey	Leasing	-	-	100,00	100,00
Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	Brokerage Houses	99,60	99,60	99,60	99,60
Ziraat Portföy Yönetimi A.Ş. (**)	İstanbul/Turkey	Portfolio Management	99,70	99,80	99,70	99,80
Ziraat Katılım Bankası A.Ş. (*)	İstanbul/Turkey	Banking	100,00	100,00	100,00	100,00
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	Real Estate	100,00	100,00	100,00	100,00
Ziraat Girişim Sermayesi Ortaklığı A.Ş.	İstanbul/Turkey	Venture Capital	100,00	100,00	100,00	100,00
Ziraat Bank International AG	Frankfurt/Germany	Banking	100,00	100,00	100,00	100,00
Ziraat Bank BH d.d.	Sarajevo/Bosnia and Herzegovina	Banking	100,00	100,00	100,00	100,00
Ziraat Bank (Moscow) JSC	Moscow/Russia	Banking	100,00	100,00	100,00	100,00
Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	Banking	99,58	99,58	99,58	99,58
Ziraat Bank Azerbaycan ASC	Baku/Azerbaijan	Banking	100,00	100,00	100,00	100,00
Ziraat Bank Montenegro AD	Podgorica/Montenegro	Banking	100,00	100,00	100,00	100,00
JSC Ziraat Bank Georgia	Tbilisi/Georgia	Banking	100,00	100,00	100,00	100,00
Ziraat Bank Uzbekistan JSC	Tashkent/ Uzbekistan	Insurance	100,00	100,00	100,00	100,00

(*) With the decision of the Banking Regulation and Supervision Agency dated 18 January 2019, numbered 8210 and based on the Board of Directors decision of Ziraat Katılım Bankası A.Ş. dated 18 October 2018, numbered 34/19; Ziraat Finansal Kiralama A.Ş. was transferred to Ziraat Katılım Bankası A.Ş. by dissolving it in a liquidated manner with all assets and liabilities over the balance sheet date and they are united under the roof of Ziraat Katılım Bankası A.Ş. The merger was registered with the Istanbul Registry of Commerce on 1 March 2019.

(**) In accordance with the share transfer agreement dated 19 December 2018, following the completion of the prerequisites, on 31 January 2019 the company acquired 100% of the shares of T. Halk Bankası A.Ş., Halk Yatırım Menkul Değerler A.Ş. and Halk Finansal Kiralama A.Ş. holds the 100% share of Halk Portföy Yönetimi A.Ş. and T. Vakıflar Bankası T.A.O. holds the 100% share of Vakıf Portföy Yönetimi A.Ş.,

1.2. Consolidation Principles of Associates and Joint Ventures

An Associate is a partnership with which the Parent Bank participates in its capital and has significant effect on it although it has no capital or management control, whose main operation is banking and which operates according to special legislation with permission and license and is established abroad. The related associate is consolidated with equity method in accordance with materiality principle.

Significant effect refers to the participation power on the constitution of the financial and management policies of the participated associate. If the Parent Bank has 10% or more voting right on the associate, as long as it is not proved otherwise, it will be accepted that the Parent Bank has significant effect on that associate.

Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in an associate from the changed amount in the associate participating shareholder's equity during the period by the portion of the participant and the deduction of the dividend from the associate from the changed value of the associate amount.

The associates and joint ventures consolidated with the equity method, their title, place of incorporation, main activities, effective shareholding rates and direct and indirect shareholding rates are as follows:

Title	Address (City/Country)	Main Activities	31 March 2019		31 December 2018	
			Parent Bank's Share Percentage (%)	Parent Bank's Risk Group Share Percentage (%)	Parent Bank's Share Percentage (%)	Parent Bank's Risk Group Share Percentage (%)
Turkmen Turkish Joint Stock Commercial Bank	Ashkhabad/Turkmenistan	Banking	50,00	50,00	50,00	50,00
Arap Türk Bankası A.Ş.	Istanbul/Turkey	Banking	15,43	15,43	15,43	15,43

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SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. INFORMATION ON CONSOLIDATED SUBSIDIARIES (Continued)

1. Consolidation Principles Applied (Continued)

1.3 Principles Applied During Share Transfer, Merger and Acquisition

Acquisition of entities are accounted by the purchase method on the date of purchase when the control is being transferred to the Group. Control explains managing power of Group on entity’s financial and operational policies for the purpose of providing benefit from operations of entity. While evaluating control, executable potential voting rights are taken consideration by Group.

1.4 Transactions with Minority Shareholders

The Group considers transactions with minority shareholders as transactions within the Group. For acquisitions from minority shareholders, the difference between the acquisition cost and related portion of net assets’ booked value is deducted from equity. Profit or loss resulting from sales to minority shareholders is booked under equity.

1.5 Presentation of Unconsolidated Subsidiaries and Associates in Consolidated Financial Statements

Turkish lira denominated unconsolidated associates and subsidiaries are booked at cost value, less any impairment if any, and recognized in the consolidated financial statements.

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

The Group’s derivative transactions include cross swap transactions related to currency, swap transactions related to interest rates, currency and precious metal swaps, long-term financing transactions, full indemnity options and forward foreign currency buy/sell transaction contracts. The Parent Bank has no embedded derivative instruments separated from the articles of association.

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

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

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

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

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

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

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 income statement line and is amortized over the estimated life of the financial asset.

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SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. INFORMATION ON CONSOLIDATED SUBSIDIARIES (Continued)

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE(Continued)

Total of minimum rental payments including interests and principals are recorded under “financial lease receivables” as gross. The interest which is the difference, between the total of rental payments and the cost of the related tangible asset is recorded under “unearned income”. When the rent payment incurs, the rent amount is deducted from “financial lease receivables”; and the interest portion is recorded as interest income in the income statement.

Profit share income is accounted for by applying the internal rate of return method. Expense accruals are calculated according to the unit value calculation method over the participation accounts.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

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

Prepaid expense amounts are recognize as expense on an accrual basis during the service period. Commission income from consumer, corporate and entrepreneurial loans are transferred to income accounts according to periodicity principle using effective interest rate method on an accrual basis.

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

The Group categorizes its financial assets as “Fair Value Through Profit/Loss”, “Fair Value Through Other Comprehensive Income” or “Measured at Amortized Cost”. Financial instruments comprise financial assets and liabilities and derivative instruments. This classification is based on the contractual cash flow characteristics of the related business model used for management of the financial assets at initial recognition.

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

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

Classification and Measurement within the Scope of TFRS 9

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

-The business model used by the entity for the management of financial assets,

-Properties of contractual cash flows of a financial asset.

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

Financial assets at fair value through profit or loss

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

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

Government bonds and treasury bills included in held for trading and financial assets at fair value through other comprehensive income traded in BİST are carried at weighted average exchange prices of BİST as of the balance sheet date and those securities that are not traded in BİST are carried at prices of the Central Bank of the Republic of Turkey. Eurobonds are carried at prices in the over the counter markets. All gains and losses arising from these valuations are reflected in the profit or loss account.

Financial Assets at Fair Value Through Other Comprehensive Income

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income.

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

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

Financial Assets at Fair Value Through Other Comprehensive Income

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

Financial Assets Measured at Amortized Cost

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

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

Fair value through other comprehensive income” and “measured at amortized cost” securities portfolio of the Group include Consumer Price Indexed (CPI) Bonds. CPI’s are valued and accounted according to the effective interest rate method which is calculated according to the real coupon rate and the reference inflation index on the issue date. As it is mentioned in the Undersecretariat of Treasury’s Investor Guide of CPI, the reference index used during the calculation of the actual coupon payment amount is the previous two months CPI’s. The Bank determines its expected inflation rates in compliance with this guide.

Estimated inflation rate used during the year can be updated if necessary.

Loans

Loans are financial assets that have fixed or determinable payments terms and are not quoted in an active market. Loans are initially recognized at acquisition cost presenting thereafter measured at amortized cost using the "Effective Interest Rate Method".

Loans, short- and long-term loans are classified as open and collateralized, FX-denominated loans are recorded at a fixed price, and the Bank is subject to evacuation by the foreign exchange buying rate. Short-term and long-term loans are grouped as open or guaranteed; FC loans are recognized with fixed price and revalued by the counter foreign exchange buying rate of the Bank. Foreign exchange indexed loans are used as TL by the valid counter foreign exchange buying rate of the Bank at usage date. Repayments of these loans are collected as calculated TL value by the valid counter foreign exchange selling rate of Bank at installment date.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Explanations on Expected Loss Provisions

The main principle of the expected credit loss model is to reflect the general outlook of deterioration or improvement in the credit quality of financial instruments. The amount of expected credit losses known as loss provision or provision varies according to the degree of increase in credit risk. There are two measurements according to the general approach:

- 12-Month Expected Loss Provision (Stage 1) applies to all assets unless there is a significant deterioration in credit quality.
- Lifetime Expected Loss (Stage 2 and Stage 3) is applied when there is a significant increase in credit risk.

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT FINANCIAL ASSETS (Continued)

Impairment

The expected credit loss model includes instruments that are recorded at amortized cost or at fair value in other comprehensive income tables (such as bank deposits, loans and securities) and, in addition, financial lease receivables that are not measured at fair value through profit or loss, credit commitments and financial guarantee contracts.

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

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

- Probability-weighted and neutral amount determined by taking into account possible outcomes,
- Time value of money,
- Reasonable and supportable information on past events, current conditions and forecast of future economic conditions, at the time of reporting, without excessive cost and effort.

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)

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

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 loss of life expectancy.

Significant Increase in Credit Risk (Stage 2)

Financial assets are transferred to stage 2 if there is a significant increase in credit risk. The expected loss provision is calculated by calculating the 1-year maturity for loans under stage 1, and the expected loss provision for loans under stage 2 is calculated by taking into consideration the remaining maturity.

The main criteria taken into consideration in determining the credit risk of the financial asset to be significantly increased and transferred to the stage 2 are , the number of delinquency being 30 days and above, and the Bank's internal early warning system note.

Credit-Impaired Losses (Stage 3 / Specific Provision)

Includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized.

It is considered a debt as default on these two conditions;

- Objective Default Definition: It means debt having past due more than 90 days.
- Subjective Default Definition: It means it is considered that a debt is unlikely to be paid. Whenever it is considered that an obligor is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT FINANCIAL ASSETS (Continued)

Impairment (Continued)

Credit-Impaired Losses (Stage 3 / Specific Provision) (Continued)

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

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

- During the expected life of the financial instrument, all contractual terms of the financial instrument,
- Cash flows expected to be obtained from collateral sales.

In the calculation of the expected credit loss, the basic parameters which are expressed as probability of default, loss in default and default amount are used.

Probability of Default

Probability of default refers to the likelihood that a loan will default at a certain time. In Default Probability models, sectoral information for the corporate portfolio and product information for the individual portfolio are taken as the basis

Default Amount

The default amount represents the expected gross receivable if a loan is defaulted.

Loss Given Default

Loss given default refers to the ratio of the economic net loss resulting from the default of a loan to the default amount. In other words, it refers to the ratio of net loss due to a defaulted loan to the balance at the time of default.

Future Expectations

The effect of future expectations is included in the credit risk parameters used in the calculation of expected credit losses by using scenarios related to macroeconomic factors. The main macroeconomic indicators that create these estimation models are the ratio of Gross Domestic Product (GDP) and Consumer Price Index (CPI). Macroeconomic estimation models include more than one scenario and the related scenarios are taken into account in the expected credit loss calculations.

The Methodology of Behavioural Maturity Calculation

For the loans in Stage 1, which have less than one year to due date and for the loans in Stage 2, which have more than one year to due date are calculated until the maturity day and the lifetime (until maturity date). 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, behavioural maturity is calculated by analysing historical data for products with no maturity information. Expected loss provisions are calculated based on these maturities depending on the type of loan.

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS

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

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

Securities subject to repurchase agreements (“Repos”) are classified as “Financial assets at fair value difference through profit or loss”, “Financial assets at fair value difference through other comprehensive income” and “Measured at amortized cost” in the balance sheet according to the investment purposes and measured according to the portfolio of the Group to which they belong. Funds obtained under repurchase agreements are accounted under “Funds provided under repurchase agreements” in liability accounts and differences between the sale and repurchase prices determined by these repurchase agreements are accrued evenly over the life of the repurchase agreement using the “Effective interest (internal return) method”.

Funds given against securities purchased under agreements (“Reverse Repo”) to resell are accounted under “Receivables from Reverse Repurchase Agreements” on the balance sheet and interest income accrual is calculated using internal rate of return method.

As of the balance sheet date, securities borrowed by the Group are monitored in Financial assets at fair value through profit/loss portfolio at market value as of the date of borrowing. There is no valuation for securities nevertheless commission/interest payables are valued.

XI. INFORMATION ON ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS AND EXPLANATIONS ON LIABILITIES RELATED WITH THESE ASSETS

The Group’s assets that were acquired due to receivables, are accounted in the financial statements in accordance with the regulations of “Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations (TFRS 5)”.

The assets that meet the criteria of being classified under assets held for sale are measured at the lower of their book values or fair value less costs to be incurred for sale, depreciation for these assets is ceased and these assets are presented separately in the balance sheet. In order for an asset to be classified as an asset held for sale, the related asset (or the asset group to be disposed) shall be ready to be sold immediately under usual conditions and should have a high possibility to be sold. To have a high possibility of sale, a plan should have been made for the sale of the asset (or the asset group to be disposed) and an active program should have been started by the management, aiming to complete the plan and determine the buyers.

The properties obtained from the Group’s receivables are shown at the fixed assets held for sale line according to the execution of the forward sales agreement.

A discontinued operation is a part of an entity which is classified as to be disposed or held for sale. The results related to discontinuing operations are presented separately in the income statement. The Bank does not have any discontinued operations.

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill; the difference between the purchase cost and the fair value of the identifiable assets, liabilities and contingent liabilities and it represents the payment made by the purchaser for the benefit of future benefit from identifiable and individually identifiable assets. Not included in the financial statements of the entity purchased in the business combination; however, assets, intangible assets and / or, contingent liabilities that are capable of being separated from the goodwill are recognized in the financial statements at their fair values. As of the balance sheet date, the Group has goodwill amounting to TL 30.723 thousand in the financial statements.

Other intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated depreciation and the provision for value decreases.

Other intangible assets are amortized by using the straight line method based on their useful lives. Useful lives of other intangible assets are determined by the consideration of items as; useful life of asset, maintenance costs incurred to obtain expected economic benefit from assets and technical, technological or any other type of obsolescence. Amortization method used in the current period is not subject to any change. Depreciation period is 5 years (20% annual depreciation rate) for establishment/formation expenses for other intangible assets with uncertain leasing period or leasing period over five years and depreciation rate is proportional with period for those with certain leasing period.

The Group recognizes its software costs incurred under the intangible assets-intangible rights account and the expenses that do qualify as development are added to software’s initial costs and amortized over 3 years considering the useful lives. The Parent Bank has determined estimated useful lives of the intangible assets between 3 and 15 years and it applies depreciation rates between 6,67% to 33,3%.

XII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

Tangible assets are measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. As of 31 January 2014 the Parent Bank has changed its accounting policies and has decided to pursue the real estates registered in its portfolio at fair values. In this context, for real estates registered in the Parent Bank’s inventory, appraisal study was carried by independent expertise companies, and from 31 December 2016 valuation results are reflected in the accounting records. As a result of the fair valuation of the real estates of the Group, TL 4.087.078 net is followed under shareholders’ equity as of 31 March 2019. As of 30 January 2014, the net book amount of real estates of the tangible assets before valuation was TL 816.950.

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

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SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

Estimated useful lives and amortization rates of tangible assets are below:

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

Gains or losses emerging from the disposal of tangible assets are recognized in the profit or loss account as difference between net revenue of a related intangible asset and its net book value.

Ordinary maintenance and repair expenses of tangible fixed assets items are recognized as expenses. Investment expenditures that increase the future benefit by enhancing the capacity of tangible assets are capitalized. The investment expenditures include the cost components which are used either to increase the useful life or the capacity of the asset or the quality of the product or to decrease the costs.

There are no mortgages, pledges or similar precautionary measures on tangible fixed assets or commitments given for the purchase or any restrictions designated for the use of those tangible fixed assets.

XIV. EXPLANATIONS ON INVESTMENT PROPERTY

As of the balance sheet date, the Group does not have investment properties.

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XV. EXPLANATIONS ON LEASING TRANSACTIONS

Operating Leases

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

After the date lease actually started, the Group increases book value to reflect the interest on lease liability, decreases book value to reflect lease payments that is made and remeasures to reflect the changes made in lease or revised fixed lease payments.

The interest on the lease liability for each period of the lease term, is the amount calculated by charging a fixed periodic interest rate on remaining balance of lease liability.

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

The Group, applies a discount rate that reflects the changes in the interest rate in a scenario where the Group used purchase option at the initial lease term.

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

Fixed assets that are acquired under financial leasing are amortized with respect to the rates used for directly acquired assets that have similar nature. Assets held under financial leases are recognized under the tangible fixed assets account and are depreciated on annual and monthly basis with respect to their useful lives. Principal and installment paid for tangible fixed assets that are acquired under financial leasing are charged to liability account “Finance Lease Liabilities”, whereas interests are recognized in “Deferred Financial Leasing Expenses” account. At installment payments, principal and interest amount of installment amount are debited to “Financial Lease Liabilities” account, whereas interest is credited in “Deferred Financial Leasing Expenses” account and recorded to the “Other Interest Expenses”.

Financial Leasing Transactions

Subject to financial leasing in the consolidated balance sheet of the entity is shown as a receivable equal to net leasing. The interest income is determined so as to form a fixed revenue return ratio using net investment method related to lease asset of the lessor, and the portion of interest income which does not take part in the related term is followed under the unearned interest income account

XVI. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

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

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

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SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVI. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES (Continued)

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.

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

Employment Termination and Vacation Benefits

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

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

The Parent Bank uses independent actuaries in determining liability, and also makes assumptions about issues such as discount rate and inflation. These assumptions are reviewed on an sixth month basis. As of 31 March 2019, retirement benefit obligation is TL 884.725 (31 December 2018: TL 836.363).

	Current Period	Prior Period
Discount Rate	16,30%	16,30%
Inflation	12,00%	12,00%

Communiqué on “Turkish Accounting Standard (TAS19) about Benefits for Employee (No:9)” published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority (“POA”) on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2012 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. The Group was classified actuarial loss amounting to TL 32.536 under shareholders’ equity in the financials.

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

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

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SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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.

The technical balance sheet report as of 31 December 2018 which is prepared in accordance with the new law and the rate determined as 9,80%, concluded no technical deficit arises in the above mentioned fund. Since the Parent Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank’s financial statements.

XVIII. EXPLANATIONS ON TAXATION

Current Tax

The corporate tax rate of 20% implementation on the Corporate Tax Law No. 5520 was taken into effect on 1 January 2006 after being published in the Official Gazette dated 21 June 2006 numbered 26205 , will be applied as 22% for corporation earnings for three years from 1 January 2018 with the regulation dated 28 November 2017 numbered 7061. Furthermore, Cabinet is made authorized to decrease this ratio to 20% from 22%. The Parent Bank applies new regulations to its current and deferred tax responsibilities. The corporate tax rate is calculated on the total income of the Bank after adjusting for certain disallowable expenses, exempt income (like affiliate gains) and other allowances. If there is no dividend distribution, no further tax charges are made.

Dividends paid to non-resident corporations, which have a place of business or permanent attorney in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case.

Corporations are required to pay advance corporate tax quarterly at a rate of 22% on their corporate income. Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

According to 5.1.e. article of Corporation Tax Law which is important tax exemption that is applied by banks, corporations’ 50% of revenues that occur from selling of their real estates, are in assets, that belong to the corporations at least two years (730 days), 75% of revenues that occur from selling their founding bonds that are belong to the corporations as long as time of participation stocks, redeemed shares and option to call are exempted from Corporation Tax. (It was changed with 89th article of code 7061 that entries into force in 5 December 2017. According to dated 23 December 2017 3rd article of Corporation Tax Code (CTC) 14 annunciation this exemption will apply as ratio of 75% for selling that made till the 5 December 2017, after this date it will apply as ratio of 50%.)

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

Taxes which does not accrue on time because the applying exemption for the transfer of the exempted part of revenue to the other accounts with other ways out of capitalizing in five years or withdrawn from company or transferring from limited taxpayer corporations to the headquarters, are considered as tax loss. This is also be applicable in the condition of liquidation of business (Except transfers and divisions that make according to this code).

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SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVIII. EXPLANATIONS ON TAXATION (Continued)

Current Tax (Continued)

Moreover, according to 5.1.f. article of Corporation Tax Law; corporations which have been fallen to legal proceedings because of owe to the bank or Savings Deposit Insurance Funds, and their warrantors’ real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors’ revenues that used for against debts or transferring to SDIF, 75% of real estates, and 50% others are exempted from Corporation tax. (It was changed with 89th article of code 7061 that entries into force in 5 December 2017. According to 3rd article of Corporation Tax Code (CTC) 14 annunciation dated 23 December 2017 this exemption will apply as ratio of 75% for selling that made till the 5 December 2017, after this date it will apply as ratio of 50%.)

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments with tax authorities. Tax returns are required to be filled and delivered to the related tax office until the evening of the 25th of the fourth month following the balance sheet date and the accrued tax is paid until the end of the same month Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Tax rates used in tax calculation considering the related countries’ tax legislation as of 31 March 2019 are presented below:

Russia	%20
Kazakhstan	%20
Germany	%15
Bosnia Herzegovina	%10
Azerbaijan	%20
Montenegro	%9
Georgia	%15
Uzbekistan	%15

Deferred Tax

In accordance with TAS 12 "Turkish Accounting Standards Relating to Income Tax", the Parent Bank calculates and recognizes deferred tax for temporary differences between the bases calculated based on the accounting policies used and valuation principles and that calculated under the tax legislation.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. However, deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized as deferred tax liability or asset if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

Deferred tax asset and deferred tax liability are presented as net in these financial statements through offsetting them on individual financial statements of consolidated subsidiaries.

The deferred tax benefit is not taken into account in profit distribution in accordance with the relevant circular of BRSA.

SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIX. EXPLANATIONS ON INSURANCE TECHNICAL RESERVES

1. Technical Reserves

Reserve for Unearned Premiums

Reserve for unearned premiums represents the proportions of the premiums written in a period that relate to the period of risk subsequent to the balance sheet date, without deductions of commission or any other expense.

Unexpired Risk Provision

Within the framework of Regulation on Technical Reserves, insurance companies are required to account for an unexpired risk reserve against the probability that, future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected ratios. Expected loss ratio is calculated by dividing the current year incurred losses to current year earned premiums. In accordance with “the circular about the Change of Unexpired Risks Reserve Calculation” numbered 2012/15 published by Treasury, if the loss ratio for a branch is higher than 95%, net unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with net unearned premium reserve for the related branch; and gross unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with gross unearned premium reserve for the related branch. The difference between gross and net amounts is considered as the reinsurance share.

Reserve for Outstanding Claims

Insurance companies provide reserve for outstanding claims, incurred and reported but not yet settled in the current or previous years based on reported balances or estimates when actual balances are not exactly known and incurred but not yet reported claims. Within the calculation of reserve for outstanding claims, incurred and reported but not yet settled, entire shares of expense required for maturation of compensation reports including calculated or estimated expert, referee, consultant, court and communication expenses are taken into account and subrogation, salvage and similar revenue items are not discounted. Incurred subrogation, salvage and similar revenue items whose codes of practice will be determined by the undersecretariat are shown under the related credit account of the asset side of the balance sheet and interrelated with period income in condition that subrogation of rights has been gained.

Mathematical Provisions

Mathematical provisions indicate sum of bonus provisions and actuarial mathematical provisions calculated separately according to technical principles in tariff for each agreement in force. Life branch mathematical provision of the company consists of actuarial mathematical provisions calculated for long-term life insurances on credit. Actuarial mathematical provisions are the differences between risk premiums taken for risks undertaken by the Company and cash values of the liabilities to beneficiaries and insureds.

XX. EXPLANATIONS ON BORROWINGS

The Group accounts its debt instruments in accordance with TFRS 9 “Financial Instruments” In the following periods, 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 Group borrows from domestic and foreign real people and entities with debt instruments such as bill/bond issuance. These transactions are recognized at fair value including acquisition costs at the transaction date while accounted with effective interest rate method over their discounted costs in the following periods.

The Group has issued no convertible bonds and has no instruments representing its own borrowings.

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SECTION THREE (Continued)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXI. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

Since the Group does not have issued shares, there are no transaction costs related to share issue in the current period.

XXII. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

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

XXIII. EXPLANATIONS ON GOVERNMENT GRANTS

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

XXIV. 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. 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.

XXV. EXPLANATIONS ON SEGMENT REPORTING

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

XXVI. EXPLANATIONS ON OTHER MATTERS

None.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
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SECTION FOUR

EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT

I. EXPLANATIONS ON THE COMPONENTS OF CONSOLIDATED SHAREHOLDERS’ EQUITY

Total capital and Capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”.

As of 31 March 2019 the Group’s total capital has been calculated as TL 62.918.952 (31 December 2018: TL 63.884.017), capital adequacy ratio is 12,84% (31 December 2018: 14,23%). This Group’s ratio is well above the minimum ratio required by the legislation.

1. Information Related to The Components of Shareholders' Equity

	Current Period 31.03.2019	Amount as per the regulation before 1/1/2014*
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	6.100.000	-
Share issue premiums	-	-
Reserves	37.184.080	-
Gains recognized in equity as per TAS	7.273.311	-
Profit	17.731.818	-
Current Period Profit	1.626.061	-
Prior Period Profit	16.105.757	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	17.388	-
Minority Shares	296	-
Common Equity Tier 1 Capital Before Deductions	68.306.893	-
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	9.211.559	-
Improvement costs for operating leasing	57.801	-
Goodwill (net of related tax liability)	30.723	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	807.536	807.536
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
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SECTION FOUR (Continued)

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

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

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

	Current Period 31 March 2019	Amount as per the regulation before 1/1/2014*
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions from Common Equity Tier I Capital	10.107.619	-
Total Common Equity Tier I Capital	58.199.274	-
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Third parties’ share in the Additional Tier I capital	-	-
Third parties’ share in the Additional Tier I capital (Covered by Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	-	-
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank’s additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items to be defined by the BRSA (-)	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	58.199.274	-
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	4.867.386	-
Tier II Capital Before Deductions	4.867.386	-
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank’s Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	4.867.386	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	63.066.660	-

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SECTION FOUR (Continued)

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

I. EXPLANATIONS ON THE COMPONENTS OF CONSOLIDATED SHAREHOLDERS’ EQUITY

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

	Current Period 31 March 2019	Amount as per the regulation before 1/1/2014*
Total Tier I Capital and Tier II Capital (Total Equity)	63.066.660	-
Loans Granted against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA (-)	147.708	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	62.918.952	-
Total Risk Weighted Assets	489.854.509	-
CAPITAL ADEQUACY RATIOS		
CET 1 Capital Ratio (%)	11,88	-
Tier I Capital Ratio (%)	11,88	-
Capital Adequacy Ratio (%)	12,84	-
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	4,54	-
a) Capital conservation buffer requirement (%)	2,50	-
b) Bank specific countercyclical buffer requirement (%)	0,042	-
c) Higher bank buffer requirement ratio (%) (**)	2	-
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	3,88	-
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	177.677	-
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	86.397	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	2.589.183	-
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per the thousand)	4.867.386	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	4.867.386	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(*) Amounts considered within transition provisions

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

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

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

	Prior Period 31 December 2018	Amount as per the regulation before 1/1/2014*
COMMON EQUITY TIER I CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	6.100.000	-
Share issue premiums	-	-
Reserves	35.758.745	-
Gains recognized in equity as per TAS	8.398.062	-
Profit	16.092.374	-
Current Period Profit	9.343.637	-
Prior Period Profit	6.748.737	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	17.388	-
Minority Shares	289	-
Common Equity Tier 1 Capital Before Deductions	66.366.858	-
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	6.240.052	-
Improvement costs for operating leasing	62.118	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	731.706	731.706
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions from Common Equity Tier I Capital	7.033.876	-
Total Common Equity Tier I Capital	59.332.982	-
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Third parties’ share in the Additional Tier I capital	-	-
Third parties’ share in the Additional Tier I capital (Covered by Temporary Article 3)	-	-
Additional Tier I Capital before Deductions		

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SECTION FOUR (Continued)

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

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

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

	Prior Period 31 December 2018	Amount as per the regulation before 1/1/2014*
Total Tier I Capital and Tier II Capital (Total Equity)	-	-
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items to be defined by the BRSA (-)	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	59.332.982	-
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	4.552.906	-
Tier II Capital Before Deductions	4.552.906	-
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	4.552.906	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	63.885.888	-
Deductions from Total Capital	63.885.888	-
Loans Granted against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA (-)	1.871	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-

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SECTION FOUR (Continued)

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

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

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

	Prior Period 31 December 2018	Amount as per the regulation before 1/1/2014*
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	63.884.017	-
Total Risk Weighted Assets	448.874.719	-
CAPITAL ADEQUACY RATIOS		
CET I Capital Ratio (%)	13,22	-
Tier I Capital Ratio (%)	13,22	-
Capital Adequacy Ratio (%)	14,23	-
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	3,41	-
a) Capital conservation buffer requirement (%)	1,88	-
b) Bank specific countercyclical buffer requirement (%)	0,032	-
c) Higher bank buffer requirement ratio (%)	1,5	-
Additional CET I Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	5,22	-
Amounts Lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	174.201	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	65.943	-
Remaining Mortgage Servicing Rights		-
Net Deferred Tax Assets arising from Temporary Differences	1.639.558	-
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per the thousand	4.552.906	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	4.552.906	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Comminique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Comminique on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(*) Amounts considered within transition provisions

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SECTION FOUR (Continued)

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

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

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

	Current Period	Prior Period
Balance Sheet - Equity	59.097.820	60.128.975
Operational Leasing Development Costs	(57.801)	(62.118)
Goodwill and Other Intangible Assets and Related Deferred Taxes		
Liabilities	(838.259)	(731.706)
TIER I Capital (Provisions)	4.867.386	4.552.906
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	-
Other deductions from common equity	(147.708)	(1.871)
Minority Shares	(2.486)	(2.169)
Amount recognized in regulatory capital	62.918.952	63.884.017

II. EXPLANATIONS ON THE CURRENCY RISK

1. Whether the Bank is exposed to foreign currency risk, whether the effects of this matter are estimated, whether limits for the daily followed positions are determined by the Board of Directors

The Bank’s policy is to avoid carrying significant position by means of foreign currency management. Therefore, the Bank is not exposed to significant currency risks. Risks are monitored by the currency risk tables prepared based on the standard method. Besides, VAR is calculated for daily foreign exchange position and reported to the related departments. VAR based currency risk limit is also daily followed which was approved by Board of Directors.

Moreover, dealer’s positions and limits for foreign exchange transactions are under the authorization of the Board of Directors.

2. Hedge against foreign exchange debt instruments and net foreign exchange investments by hedging derivative instruments, if material

None.

3. Management policy for foreign currency risk

“Liquidity Gap Analysis”, “Repricing Gap Analysis” and “Structural Liquidity Gap Analysis” which takes into account historical repricing rates of foreign currency accounts, are prepared periodically in order to define liquidity and interest rate risks at US Dollar and Euro, which are mainly used by the Bank in its operations. Also, daily VAR analysis for following the currency risk and within the context of legal reporting, Foreign Currency Net General Position/Shareholders’ Equity Ratio and Foreign Currency Liquidity Position are also monitored regularly.

4. Current foreign exchange bid rates of the Bank for the last 5 business days prior to the financial statement date

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100
25.03.2019	5,5562	6,2901	3,9454	0,8429	0,6022	5,5999	4,1384	0,6506	7,3353	1,4817	5,0492
26.03.2019	5,4423	6,1454	3,8858	0,8232	0,5898	5,4724	4,0662	0,6379	7,1969	1,4513	4,9225
27.03.2019	5,3779	6,0507	3,8065	0,8106	0,5802	5,4060	4,0095	0,6236	7,1004	1,4341	4,8726
28.03.2019	5,5031	6,1816	3,8973	0,8282	0,5914	5,5235	4,1055	0,6369	7,2041	1,4674	4,9730
29.03.2019	5,5886	6,2699	3,9573	0,8402	0,6027	5,6144	4,1828	0,6478	7,2607	1,4902	5,0430
31.03.2019	5,5886	6,2699	3,9573	0,8402	0,6027	5,6144	4,1828	0,6478	7,2607	1,4902	5,0430

5. Simple arithmetic average of the Bank’s current foreign exchange bid rates for the last 30 days prior to the balance sheet date

USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
5,4392	6,1435	3,8510	0,8234	0,5853	5,4396	4,0719	0,6320	7,1593	1,4504	4,8957

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SECTION FOUR (Continued)

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

II. EXPLANATIONS ON THE CURRENCY RISK (Continued)

6. Information on the foreign currency risk of the Group

	EUR	USD	Other FC ⁽¹⁾	Total
Current Period				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	19.822.582	14.764.171	10.262.288	44.849.041
Banks	1.994.209	1.716.386	1.132.721	4.843.316
Financial Assets at Fair Value Through Profit and Loss	2.188.503	4.434.755	55.677	6.678.935
Money Market Placements	-	-	22.110	22.110
Financial Assets at Fair Value Through Other Comprehensive Income	6.660.777	19.784.430	144.517	26.589.724
Loans ⁽²⁾	61.406.813	81.175.214	3.260.673	145.842.700
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures) ⁽⁴⁾	-	92.813	2.458	95.271
Financial Assets Measured at Amortised Cost	968.323	3.319.471	20.947	4.308.741
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	36.341	530	230.438	267.309
Intangible Assets	21.236	-	27.005	48.241
Other Assets ⁽⁶⁾	1.552.935	722.761	124.710	2.400.406
Total Assets⁽⁵⁾⁽⁷⁾	94.651.719	126.010.531	15.283.544	235.945.794
Liabilities				
Interbank Deposits	10.365.295	10.176.640	495.080	21.037.015
Foreign Currency Deposits	102.660.153	71.023.363	15.204.978	188.888.494
Money Market Borrowings	-	19.166.498	-	19.166.498
Funds Provided from Other Financial Institutions	11.672.348	23.342.834	624	35.015.806
Issued Marketable Securities	-	13.396.274	128.372	13.524.646
Miscellaneous payables	2.435.829	125.216	634.285	3.195.330
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	2.820.328	4.780.786	165.304	7.766.418
Total Liabilities	129.953.953	142.011.611	16.628.643	288.594.207
Net Balance Sheet Position	(35.302.234)	(16.001.080)	(1.345.099)	(52.648.413)
Net Off-Balance Sheet Position⁽³⁾	35.706.581	2.954.815	4.250.313	42.911.709
Financial Derivative Assets	41.101.590	59.295.495	5.119.763	105.516.848
Financial Derivative Liabilities	5.395.009	56.340.680	869.450	62.605.139
Non-Cash Loans	37.818.707	48.199.143	7.179.002	93.196.852
Prior Period				
Total Assets	85.603.723	118.676.944	15.448.382	219.729.049
Total Liabilities	113.929.235	110.510.911	14.945.313	239.385.459
Net Balance Sheet Position	(28.325.512)	8.166.033	503.069	(19.656.410)
Net Off-Balance Sheet Position⁽³⁾	27.761.346	(11.215.345)	1.959.819	18.505.820
Financial Derivative Assets	32.585.452	31.666.487	3.666.863	67.918.802
Financial Derivative Liabilities	4.824.106	42.881.832	1.707.044	49.412.982
Non-Cash Loans	36.646.822	45.965.469	6.676.566	89.288.857

⁽¹⁾ TL 640.204 equivalent of USD, TL 927.422 equivalent of EUR loans are originated as foreign currency indexed loans (31 December 2018: TL 768.374 equivalent of USD, TL 1.086.966 equivalent of EUR.)

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

⁽³⁾ The foreign currency capital investments to Subsidiaries, Associates and Joint Ventures are evaluated with historical rates on the date of the fair value determination and capital investments made in the subsequent periods are evaluated with the rates on the date of the capital investment and followed with TL equivalents. No exchange rate difference arises from such investments.

⁽⁴⁾ Derivative financial assets held for trading and liabilities are not included in the table.

⁽⁵⁾ Prepaid expenses in other assets amounting to TL 38.232 are not included in the table.

⁽⁶⁾ Expected loss provisions for financial assets and other assets are reflected in related items.

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SECTION FOUR (Continued)

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

III. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK

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

(Based on days to repricing dates)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	27.896.217	-	-	-	-	22.664.761	50.560.978
Banks	3.381.100	540.878	268.142	144.525	-	2.820.254	7.154.899
Financial Assets at Fair Value Through Profit and Loss	2.077	5	40.839	853.509	290.763	6.024.158	7.211.351
Money Market Placements	334.111	-	-	-	-	-	334.111
Financial Assets at Fair Value Through Other Comprehensive Income	3.863.724	11.424.478	24.910.782	20.939.355	22.729.709	700.065	84.568.113
Loans Given ⁽³⁾	134.640.340	40.242.580	85.743.150	140.962.646	25.932.407	2.454.510	429.975.633
Financial Assets Measured at Amortised Cost	1.043.463	134.530	3.336.672	1.666.323	3.593.142	20.113	9.794.243
Other Assets ⁽²⁾	567.489	1.258.615	579.091	1.055.799	393.201	18.064.875	21.919.070
Total Assets ^{(1) (5)}	171.728.521	53.601.086	114.878.676	165.622.157	52.939.222	52.748.736	611.518.398
Liabilities							
Interbank Deposits	22.272.186	6.297.526	633.735	114.619	-	2.892.094	32.210.160
Other Deposits	176.874.351	53.023.614	40.989.761	3.810.214	1.382.210	97.977.874	374.058.024
Money Market Borrowings	51.720.276	1.847.981	5.663.795	514.915	-	-	59.746.967
Sundry Creditors	28.033	-	-	-	-	6.981.499	7.009.532
Issued Marketable Securities	1.350.839	2.130.536	4.591.520	9.926.420	-	-	17.999.315
Funds Provided from Other Financial Institutions	13.738.185	5.530.995	10.129.038	5.458.753	1.115.490	-	35.972.461
Other Liabilities ⁽⁴⁾	2.799.958	400.419	974.079	3.303.290	4.149.861	72.894.332	84.521.939
Total Liabilities ⁽¹⁾	268.783.828	69.231.071	62.981.928	23.128.211	6.647.561	180.745.799	611.518.398
Balance Sheet Long Position	-	-	51.896.748	142.493.946	46.291.661	-	240.682.355
Balance Sheet Short Position	(97.055.307)	(15.629.985)	-	-	-	(127.997.063)	(240.682.355)
Off-Balance Sheet Long Position	1.572.994	1.634.923	124.658	-	-	-	3.332.575
Off-Balance Sheet Short Position	1.511.568	251.928	(39.582)	(650.812)	-	-	1.073.102
Total Position	(93.970.745)	(13.743.134)	51.981.824	141.843.134	46.291.661	(127.997.063)	4.405.677

⁽¹⁾ Balances without fixed maturity are shown in the “Up to 1 Month” and “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.

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SECTION FOUR (Continued)

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

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

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

(Based on days to repricing dates)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	23.637.930	-	-	-	-	19.244.100	42.882.030
Banks	3.910.863	429.440	748.570	52.552	-	3.941.683	9.083.108
Financial Assets at Fair Value Through Profit and Loss	21.145	10.522	10.663	42.018	5.966	6.692.464	6.782.778
Money Market Placements	249.987	-	-	-	-	-	249.987
Financial Assets Measured at Fair Value Through Other Comprehensive Income	8.920.898	8.347.762	18.869.647	21.082.365	21.942.052	670.323	79.833.047
Loans Given ⁽⁴⁾	127.815.015	35.816.349	73.662.425	132.928.386	26.349.811	2.485.893	399.057.879
Financial Assets Measured at Amortised Cost	2.388.245	883.236	1.945.688	1.626.076	3.429.926	7.839	10.281.010
Other Assets ⁽³⁾	550.141	1.304.545	504.152	95.773	20.037	17.742.509	20.217.157
Total Assets ⁽¹⁾	167.494.224	46.791.854	95.741.145	155.827.170	51.747.792	50.784.811	568.386.996
Liabilities							
Interbank Deposits	15.448.356	5.224.199	494.669	113.039	-	4.151.647	25.431.910
Other Deposits	148.819.779	47.427.841	41.617.560	4.254.360	282.375	86.541.423	328.943.338
Money Market Borrowings	64.330.322	2.671.990	1.118.379	482.947	-	-	68.603.638
Sundry Creditors	21.402	-	124.850	-	-	5.404.163	5.550.415
Issued Marketable Securities	1.425.962	1.964.991	4.137.675	9.415.236	-	-	16.943.864
Funds Provided from Other Financial Institutions	5.817.048	9.738.616	12.419.697	5.809.914	1.063.494	-	34.848.769
Other Liabilities ⁽²⁾⁽⁵⁾	3.508.399	908.612	1.465.331	903.168	4.859.282	76.420.270	88.065.062
Total Liabilities ⁽¹⁾	239.371.268	67.936.249	61.378.161	20.978.664	6.205.151	172.517.503	568.386.996
Balance Sheet Long Position	-	-	34.362.984	134.848.506	45.542.641	-	214.754.131
Balance Sheet Short Position	(71.877.044)	(21.144.395)	-	-	-	(121.732.692)	(214.754.131)
Off-Balance Sheet Long Position	509.574	2.062.209	-	-	-	75.511	2.647.294
Off-Balance Sheet Short Position	469.564	965.120	(74.986)	(193.925)	-	-	1.165.773
Total Position	(70.897.906)	(18.117.066)	34.287.998	134.654.581	45.542.641	(121.657.181)	3.813.067

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

⁽²⁾ TL 5.972.568 of fund balance, whose risk does not belong to the Parent Bank, in other liabilities is shown under the “1 - 5 Years” column. TL 58.007 of fund balance is not granted as loan and is shown under the “Non-Interest Bearing” column.

⁽³⁾ Deferred tax asset is shown under the “Non-Interest Bearing” column.

⁽⁴⁾ Net balance of loans under follow-up is shown under the “Non-Interest Bearing” column in loans given.

⁽⁵⁾ Total shareholders’ equity is shown under the “Non-Interest Bearing” column.

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SECTION FOUR (Continued)

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

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

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

	EUR	USD	JPY	TL
Current Period				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	2,00	-	13,00
Banks	1,50	2,45	-	22,69
Financial Assets at Fair Value Through Profit and Loss	2,22	5,20	-	14,99
Money Market Placements	-	-	-	20,50
Financial Assets Measured at Fair Value Through Other Comprehensive Income	4,69	5,80	-	13,75
Loans Given ⁽²⁾	4,99	7,38	5,30	15,38
Financial Assets Measured at Amortised Cost	6,63	7,39	-	17,73
Liabilities				
Interbank Deposits ⁽³⁾	0,53	2,61	-	22,72
Other Deposits ⁽⁴⁾	1,10	2,07	-	13,31
Money Market Borrowings	-	3,64	-	25,64
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	4,76	1,50	19,20
Funds Provided from Other Financial Institutions	1,42	3,82	-	20,15

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

⁽²⁾ Credit card loan balances are not included.

⁽³⁾ Rates shown in the table are calculated by using the annual domestic simple interest rates, except for foreign currency interbank deposits.

⁽⁴⁾ Rates include also demand deposit data.

	EUR	USD	JPY	TL
Prior Period				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	2,00	-	13,00
Banks	0,71	4,33	-	23,35
Financial Assets at Fair Value Through Profit and Loss	2,34	5,18	-	8,78
Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value Through Other Comprehensive Income	4,68	5,70	-	12,59
Loans Given ⁽²⁾	4,95	7,28	4,85	15,54
Financial Assets Measured at Amortised Cost	6,63	7,32	-	17,06
Liabilities				
Interbank Deposits ⁽³⁾	0,52	2,32	-	23,33
Other Deposits ⁽⁴⁾	1,32	2,26	-	14,19
Money Market Borrowings	-	3,76	-	24,33
Sundry Creditors	-	-	-	-
Issued Marketable Securities	0,60	4,77	1,50	21,40
Funds Provided from Other Financial Institutions	1,22	3,94	-	21,13

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

⁽²⁾ Credit card loans balances are not included.

⁽³⁾ Rates shown in the table are calculated by using the annual domestic simple interest rates, except for foreign currency interbank deposits.

⁽⁴⁾ Rates include also demand deposit data.

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SECTION FOUR (Continued)

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

IV. EXPLANATIONS ON THE POSITION RISK OF CONSOLIDATED EQUITY SECURITIES

1. Equity Securities Position Risk Derived from Banking Books

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

Investments in Equity Instruments - Current Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	-	-	-
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	-	-	-
Traded on Stock Exchange	-	-	-
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other ^(*)	157.320	157.320	-

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

Investments in Equity Instruments - Prior Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	-	-	-
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	-	-	-
Traded on Stock Exchange	-	-	-
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other ^(*)	148.434	148.434	-

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

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

The investments in equity instruments, partaking in banking accounts according to the credit risk standard method, are amounted TL 157.320 and 100% of them are risk weighted (31 December 2018: are amounted TL 148.434 and 100% of them are risk weighted).

V. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO

General principles of liquidity and financial emergency situation management and the related application procedures are considered in the scope of “Regulation for Liquidity Risk and Liquidity and Financial Emergency Situation Management and ICAAP Regulations”.

The Parent Bank performs “Remaining Maturity Analysis” for the observation of the maturity structure of the balance sheet, “Liquidity Gap” and “Structural Liquidity Gap Analysis” for the monitoring of the liquidity and between periods and Liquidity Stress Test for the evaluation of the Parent Bank’s liquidity and in the worst case scenario and the loss associated with it. The renewal of deposits which constitutes the Parent Bank’s most crucial funding resource is monitored on a daily basis. Besides, in order to compare the Parent Bank’s level of liquidity risk with the sector, average remaining maturity balances of Bank-Sector maturity structure and legal liquidity rates are monitored.

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SECTION FOUR (Continued)

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

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

1. Liquidity Risk

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

The Parent Bank’s risk capacity, risk appetite, responsibilities and tasks of liquidity risk management and share issues of points related liquidity risk management with bank network are explained in “Regulations of Risk Management, Stress Test Program and ICAAP Regulations” of the Parent Bank. In this context, liquidity risk strategies, policies implementations are published in periodically on weeks, months and years with all of the units with board directors in Parent Bank. Moreover, analyses done and reports are handled in the Assets-Liability Commission Conferences, Board of Director is informed by Audit Commission.

Liquidity management and the degree of centralization of fund strategies, the information about the procedure between bank and the partners of bank

Continuously the information exchange is actualized about the liquidity need and surpluses between the Parent Bank and its partners, the compulsory directions and treats are moderated by Treasury Management and International Banking Assistant General Management to direct liquidity risk and surpluses in effective way.

Explanation related to policies regarding fund resources times variations of funding strategy of bank

The Parent Bank’s fundamental funding resources are deposits, the strategy of preserving the common base structure of deposits are sustained. Moreover, within the diversification strategy of resources structure, long-term and appropriate costed resources rate that are out of deposits are aimed to be raised. In the resources out of deposits; repurchase agreements, post finance, syndication credits, credits assured by international finance associations, exported securities, capital market transactions and credits taken by bilateral agreements are placed.

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

The Parent Bank’s total liabilities are consisted of mostly TL, USD and EUR currencies. Besides these currencies, valid for other currencies, daily and long-term cash flows are pursued and liquidity management is formed in effective way by some projections are being performed regarding future.

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

The Parent Bank’s source of funds is mainly formed of deposits. The Parent Bank’s deposits do not fluctuate considerably in line with the broadly dispersed customer network. Besides, in order to increase the fund range and decrease the maturity gap between assets and liabilities, giving weight to liabilities other than deposits such as bond/bill issuance, repo and funds borrowed.

As for the asset side of the Parent Bank, within the scope of reformatting short-term cash cycle, dissonance reducing the maturity of asset and liability, the policy for shortening the average maturity on loans being pursued.

Explanation regarding the usage of the stress test

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

General information on liquidity urgent and unexpected situation plan

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

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SECTION FOUR (Continued)

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

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

2. Liquidity Coverage Ratio (Continued)

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 Cover Rate and transmits consolidated on weekly and consolidated on monthly basis to the BRSA. In the last three months (October-November-December), the consolidated rates are as follows: October FC, 259,22%, TL+FC 108,26%; November FC, 336,19%, TL + FC 110,80%; The December FC was 249,73%, and the TL+FC was 103,99% (31 December 2018: Consolidated rates in the last three months were October FC, 108,75%, TL+FC 75,16%, November FC 123,26%, TL+FC 80,91%, December FC 131,90%, TL+FC 86,71% respectively)

Current Period	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			77.821.821	49.568.898
CASH OUTFLOWS				
Retail and Small Business Customers, of which;	245.274.304	117.056.395	20.991.224	11.705.610
Stable deposits	70.724.110	582	3.536.205	29
Less stable deposits	174.550.194	117.055.813	17.455.019	11.705.581
Unsecured wholesale funding, of which;	125.298.773	59.319.513	71.940.990	36.519.043
Operational deposit	6.649.725	728.587	1.655.967	175.682
Non-operational deposits	94.511.772	45.352.721	47.966.047	23.216.263
Other unsecured funding	24.137.276	13.238.205	22.318.976	13.127.098
Secured funding				
Other cash outflows, of which;	52.549.725	8.055.880	7.560.891	2.857.510
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.630.624	541.822	2.630.624	541.822
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	49.919.101	7.514.058	4.930.267	2.315.688
Other revocable off-balance sheet commitments and contractual obligations	3.883	1.961	194	98
Other irrevocable or conditionally revocable off-balance sheet obligations	95.161.316	35.154.270	4.823.903	1.760.611
TOTAL CASH OUTFLOWS			105.317.202	52.842.872
CASH INFLOWS				
Secured lending				
Unsecured lending	42.010.393	18.467.141	29.522.486	14.350.733
Other cash inflows	3.178.326	19.671.696	3.167.596	19.660.966
Total Cash Inflows	45.188.719	38.138.837	32.690.082	34.011.699
			Upper Limit Applied Amounts	
TOTAL HQLA STOCK			77.821.821	49.568.898
TOTAL NET CASH OUTFLOWS			72.627.120	18.831.173
LIQUIDITY COVERAGE RATIO (%)			107,15	263,23

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

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SECTION FOUR (Continued)

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

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

2. Liquidity Coverage Ratio (Continued)

Prior Period	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			60.776.637	41.550.730
Cash Outflows				
Retail and Small Business Customers, of which;	237.477.599	111.531.864	20.221.723	11.153.180
Stable deposits	70.520.740	133	3.526.037	7
Less stable deposits	166.956.859	111.531.731	16.695.686	11.153.173
Unsecured wholesale funding , of which;	109.306.463	49.758.643	61.872.016	30.339.716
Operational deposit	5.919.940	692.801	1.475.920	169.135
Non-operational deposits	86.845.916	41.314.525	45.505.184	22.564.219
Other unsecured funding	16.540.607	7.751.317	14.890.912	7.606.362
Secured funding			-	-
Other cash outflows, of which;	54.422.069	16.368.421	13.776.439	11.048.459
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	9.084.643	8.718.617	9.084.643	8.718.617
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	45.337.426	7.649.804	4.691.796	2.329.842
Other revocable off-balance sheet commitments and contractual obligations	9.716	5.279	486	264
Other irrevocable or conditionally revocable off-balance sheet obligations	103.619.895	40.186.025	5.246.376	2.009.549
Total Cash Outflows			101.117.040	54.551.168
Cash Inflows				
Secured lending	-	-	-	-
Unsecured lending	37.311.748	17.355.983	24.488.020	12.869.927
Other cash inflows	1.495.591	7.261.514	1.469.443	7.235.366
Total Cash Inflows	38.807.339	24.617.497	25.957.463	20.105.293
			Upper Limit Applied Amounts	
Total HQLA Stock			60.776.637	41.550.730
Total Net Cash Outflows			75.159.577	34.445.875
Liquidity Coverage Ratio (%)			80,86	120,63

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

SECTION FOUR (Continued)

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

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

3. Minimum Statements Concerning Liquidity Coverage Ratio by Banks

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

The Parent Bank deposit, which has not a fluctuant structure, together with constituting an important part of its sources and liquidity coverage ratio, in proportion to other deposits, public deposits can cause periodic changes within total deposits. While considering the previous periods, the percentage of the total deposit in financial statement does not change and has an increasing sail.

As well as its low turn into cash ratio, since the non-cash loans has a remarkable extent in proportion to financial statement, they have an influence on the calculation of liquidity coverage ratio. Comparing to previous periods, non-cash loans are tend to increase.

Bonds and bills in the securities portfolio are used as collateral for repo transactions. Since the securities used in repo transactions lose the characteristic of being free, liquidity coverage ratio is affected due to the ability of securities to be used as collateral.

High quality liquid assets are comprised to which items

All of the high-quality liquid assets of the calculation of Liquidity Coverage Ratio are First Quality Liquid Assets. These are; cash, the accounts in Central Bank, reserve requirements and securities from the portfolio (The important part of bonds and T-bills issued by Republic of Turkey Prime Ministry Undersecretariat of Treasury, other bonds).

Funds are comprised of which items and their volume in all funds

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

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

Derivative operations in Parent Bank are carried out on the purpose of protection from the risks that may exist or occur in the balance sheet, liquidity management, or meet 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) with additional, as well as operations performed by the banks is performed again ISDA and CSA contracts signed. Operations performed under the said contracts in the determined periods are subject to daily market valuation and additional collateralization as cash. Operations could create additional collateral input or output depending on market valuation.

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

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

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

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

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SECTION FOUR (Continued)

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

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

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

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

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

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (1) (2) (3)	Total
Current Period								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	22.664.761	27.896.217	-	-	-	-	-	50.560.978
Banks	2.820.254	3.382.483	539.495	268.142	144.525	-	-	7.154.899
Financial Assets at Fair Value Through Profit and Loss	-	2.077	5	21.049	873.299	290.763	6.024.158	7.211.351
Money Market Placements	-	334.111	-	-	-	-	-	334.111
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	922.519	3.899.690	9.644.284	33.458.911	36.191.650	451.059	84.568.113
Loans Given	-	21.155.392	30.814.002	169.790.562	172.202.586	33.015.141	2.997.950	429.975.633
Financial Assets Measured at Amortised Cost	20.113	1.043.463	134.530	1.138.336	3.864.659	3.593.142	-	9.794.243
Other Assets	5.352.679	578.330	2.157.982	890.219	118.852	24.069	12.796.939	21.919.070
Total Assets	30.857.807	55.314.592	37.545.704	181.752.592	210.662.832	73.114.765	22.270.106	611.518.398
Liabilities								
Interbank Deposits	2.892.094	22.272.186	6.297.526	633.735	114.619	-	-	32.210.160
Other Deposits	97.977.874	176.934.096	53.131.222	40.626.809	4.002.609	1.385.414	-	374.058.024
Funds Provided from Other Financial Institutions	-	10.195.978	2.338.037	8.021.152	11.546.080	3.871.214	-	35.972.461
Money Market Borrowings	-	51.720.276	1.847.981	5.663.795	514.915	-	-	59.746.967
Issued Marketable Securities	-	1.350.839	2.130.536	4.591.520	9.926.420	-	-	17.999.315
Sundry Creditors	4.492.003	2.386.369	-	-	-	-	131.160	7.009.532
Other Liabilities ⁽³⁾	14.847.295	2.156.350	1.340.119	975.941	3.056.669	5.393.962	56.751.603	84.521.939
Total Liabilities	120.209.266	267.016.094	67.085.421	60.512.952	29.161.312	10.650.590	56.882.763	611.518.398
Liquidity Gap	(89.351.459)	(211.701.502)	(29.539.717)	121.239.640	181.501.520	62.464.175	(34.612.657)	-
Net Off-Balance Sheet Position	-	(214.731)	123.904	149.138	606.625	-	-	664.936
Financial Derivative Assets	-	58.342.629	29.574.943	4.237.994	2.097.376	-	1.679	94.254.621
Financial Derivative Liabilities	-	58.557.360	29.451.039	4.088.856	1.490.751	-	1.679	93.589.685
Non-cash Loans	44.890.757	4.288.979	13.882.561	39.771.561	27.319.732	5.498.650	195.435	135.847.675
Prior Period								
Total Assets	31.142.785	49.280.824	31.263.258	168.369.498	197.658.653	71.226.370	19.445.608	568.386.996
Total Liabilities	114.627.753	236.995.776	62.998.947	61.748.955	26.809.968	9.908.287	55.297.310	568.386.996
Liquidity Gap	(83.484.968)	(187.714.952)	(31.735.689)	106.620.543	170.848.685	61.318.083	(35.851.702)	-
Net Off-Balance Sheet Position	-	(291.050)	(967.025)	122.547	672.964	-	(44)	(462.608)
Financial Derivative Assets	-	35.660.859	14.439.645	3.000.559	1.793.273	-	19.360	54.913.696
Financial Derivative Liabilities	-	35.951.909	15.406.670	2.878.012	1.120.309	-	19.404	55.376.304
Non-cash Loans	45.706.867	4.670.432	10.165.962	38.893.051	27.158.917	4.856.928	195.551	131.647.708

(1) Assets which are required for banking operations and could not be converted into cash in short-term, such as; tangible assets, associates, subsidiaries and entities under common control, office supply inventory, prepaid expenses and net non-performing 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) Deferred tax asset is included under the “Undistributed” column.

(3) Non-performing loans net-off related provision for expected loss of stage 3 are presented in “undistributed” column.

(4) Allowance for expected credit losses for financial assets and other assets are recognized in the related account.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
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SECTION FOUR (Continued)

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

VI. EXPLANATIONS ON CONSOLIDATED LEVERAGE

1. Explanations on the Difference Between the Prior and Current Period of Leverage Ratio

The Parent Bank’s consolidated leverage calculated by force of the regulation “Regulation on Measurement and Assessment of Leverage Ratios of Banks” is 7,56% (31 December 2018: 7,66%). The decrease on leverage results occur from the increase on total risk amount. The regulation sentenced the minimum leverage as 3%.

Balance sheet assets	Current Period ^(*)	Prior Period ^(*)
On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	587.704.651	570.386.642
(Assets deducted in determining Tier 1 capital)	(7.761.576)	(7.798.391)
Total on-balance sheet risks (sum of lines 1 and 2)	579.943.075	562.588.251
Derivative financial instruments and credit derivatives		
Replacement cost associated with all derivative financial instruments and credit Derivatives	2.515.774	2.253.807
Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	1.013.722	631.144
Total risks of derivative financial instruments and credit derivatives	3.529.496	2.884.951
Securities or commodity financing transactions (SCFT)		
Risks from SCFT assets	6.630.649	5.082.975
Risks from brokerage activities related exposures	-	-
Total risks related with securities or commodity financing transactions	6.630.649	5.082.975
Other off-balance sheet transactions		
Gross notional amounts of off-balance sheet transactions	210.534.848	183.788.436
(Adjustments for conversion to credit equivalent amounts)	(4.042.363)	(3.650.093)
Total risks of off-balance sheet items	206.492.485	180.138.343
Capital and total risks		
Tier 1 capital	60.011.878	57.496.516
Total risks	796.595.705	750.694.520
Leverage ratio		
Leverage ratio %	7,56	7,66

^(*) Three month average of the amounts in the table are taken.

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

	Current Period ^(*) 31 March 2019	Prior Period ^(*) 31 December 2018
Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards ^(**)	611.570.405	568.436.479
The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements”	52.007	49.483
The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such instruments	189.864.015	142.583.287
The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such instruments	38.188.789	21.524.007
The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such items	4.042.363	3.650.093
Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such items	(42.303.664)	(28.788.983)
Total Risk Amount	796.595.705	750.694.520

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

^(**) The current year balance of the Consolidated Financial Statements prepared in accordance with paragraph 6 of Article 5 of the Communiqué on Preparation of Consolidated Financial Statements of Banks has been prepared by using the temporary financial statements dated 31 December 2019 of the nonfinancial subsidiaries.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2019
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SECTION FOUR (Continued)

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

VII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT

This section contains notes and explanations regarding the "Communiqué on Disclosures about Risk Management to be announced to Public by Banks" released by the Banking Regulation and Supervision Agency (BRSA), published in the Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. As of 31 December 2019, the following notes to be presented on a quarterly and semi-annually basis according to Communiqué have not been presented due to usage of standard approach for the calculation of capital adequacy by the Bank.

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

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

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

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

Overview of Risk Weighted Amounts

		Risk Weighted Amount		Minimum capital Requirement
		Current Period	Prior Period	Current Period
1	Credit Risk (excluding counterparty credit risk)	421.420.389	396.750.839	33.713.631
2	Standardised approach	421.420.389	396.750.839	33.713.631
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	4.969.188	3.747.369	397.535
5	Standardised approach for counterparty credit risk	4.969.188	3.747.369	397.535
6	Internal model method	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies-look through approach	-	-	-
9	Investments made in collective investment companies-mandate-based approach	2.033.476	1.022.273	162.679
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	22.786.181	15.630.514	1.822.894
17	Standardised approach	22.786.181	15.630.514	1.822.894
18	Internal model approaches	-	-	-
19	Operational risk	38.645.275	31.723.724	3.091.622
20	Basic Indicator approach	38.645.275	31.723.724	3.091.622
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity(subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	489.854.509	448.874.719	39.188.361

SECTION FOUR (Continued)

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

VIII. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS

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

The Group has operations in retail banking, corporate and SME banking, specialized banking, investment banking and international banking areas.

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

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

Treasury transactions and international banking activities are conducted by the Treasury Management and International Banking Executive Vice Presidency and, spot and forward TL, foreign currency, precious metal, securities derivative transactions are executed in local and international organized and over the counter money and capital markets and also The Parent Bank's liquidity and securities portfolio management, deposit and non-deposit funding activities are executed. Additionally the distribution of treasury products between branches and other channels for marketing purposes and the intermediation to the customers’ trade finance are other responsibilities of the EVP The Bank acts as an intermediary for transaction of securities and Eurobonds by the related departments, for transaction of shares and 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’, and keeps records of these financial instruments and the Bank performs repo/reverse repo transactions. Besides the Bank have long term financing from banks and international financial institutions issues bonds in local and international markets, manages relationship with correspondent banks and relations with international investors so as to diversify its funding base are among the responsibilities of the Department.

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

As of 31 March 2019 explanations on segment reporting as shown on the following page are in line with Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2019
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SECTION FOUR (Continued)

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

VIII. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS (Continued)

1. Table for Segment Reporting

Current Period	Retail Banking	Corporate/ Entrepreneurial banking	Specialized Banking	Treasury/ Investment Banking	Consolidation Corrections	Other/ Undistributed	Total
OPERATING INCOME/EXPENSE							
Interest Income	3.330.927	6.460.844	1.888.312	4.804.299	-	160.664	16.645.046
Interest Income from Loans	3.330.927	6.460.844	1.888.312	1.293.583	-	828	12.974.494
Interest Income from Banks	-	-	-	210.300	-	-	210.300
Interest Income from Securities	-	-	-	3.142.029	-	-	3.142.029
Other Interest Income	-	-	-	158.387	-	159.836	318.223
Interest Expense	4.776.580	1.947.190	-	4.243.947	-	117.541	11.085.258
Interest Expense on Deposits	4.776.580	1.947.190	-	754.430	-	-	7.478.200
Interest Expense on Funds Borrowed	-	-	-	496.471	-	-	496.471
Interest Expense on Money Market Transactions	-	-	-	2.705.954	-	-	2.705.954
Interest Expense on Securities Issued	-	-	-	287.092	-	-	287.092
Other Interest Expense	-	-	-	-	-	117.541	117.541
Net Interest Income/Expense	(1.445.653)	4.513.654	1.888.312	560.352	-	43.123	5.559.788
Net Fees and Commission Income/Expense	690.580	502.547	28.989	(350.525)	-	(49.910)	821.681
Fees and Commissions Received	690.596	505.861	28.989	3.000	-	169.849	1.398.295
Fees and Commissions Paid	16	3.314	-	353.525	-	219.759	576.614
Dividend Income	-	-	-	10.072	-	-	10.072
Trading Income/Loss (Net)	-	-	-	(1.405.763)	-	(4.306)	(1.410.069)
Other Operating Income	21.984	96.822	8.209	1.346	-	1.132.297	1.260.658
Provision for Expected Loss (-)	235.981	652.183	161.371	-	-	171.190	1.220.725
Other Provision Expenses	-	1.387	-	540	-	204.783	206.710
Personnel Expenses	-	-	-	-	-	933.667	933.667
Other Operating Expense	490.327	12.575	14.757	-	-	1.299.240	1.816.899
Net Operational Expenses/Loss	(1.459.397)	4.446.878	1.749.382	(1.185.058)	-	(1.487.676)	2.064.129
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	13.180	-	13.180
Tax Provision	-	-	-	-	-	(451.116)	(451.116)
Net Profit/Loss	(1.459.397)	4.446.878	1.749.382	(1.185.058)	13.180	(1.938.792)	1.626.193
SEGMENT ASSETS							
Financial Assets at FV Through P/L Banks and Other Financial Institutions	-	-	-	7.211.351	-	-	7.211.351
Financial Assets Measured at Fair Value Through Other Comprehensive Income (Net)	-	-	-	84.567.953	160	-	84.568.113
Loans	100.345.226	241.241.029	67.113.097	21.276.281	-	-	429.975.633
Derivative Financial Assets	-	-	-	9.794.243	-	-	9.794.243
Financial Assets Measured at Amortised Cost (Net)	-	-	-	3.381.417	-	-	3.381.417
Associates, Subsidiaries and Joint Ventures	-	-	-	7.708.032	(7.454.443)	-	253.589
Other Assets	22.811	1.413.591	113.979	44.012.056	(42.931)	23.325.536	68.845.042
TOTAL SEGMENT ASSETS	100.368.037	242.654.620	67.227.076	185.440.343	(7.497.214)	23.325.536	611.518.398
SEGMENT LIABILITIES							
Deposits	294.253.400	69.430.888	-	32.823.008	-	9.760.888	406.268.184
Derivative Financial Liabilities Held for Trading	-	-	-	1,640.951	-	-	1,640.951
Funds Borrowed	-	-	-	35,972.461	-	-	35,972.461
Money Market Funds	4,243	40,138.835	-	19,603.889	-	-	59,746.967
Securities Issued (Net)	-	-	-	17,999.315	-	-	17,999.315
Provisions	4,628	483,055	-	77	-	4,832.704	5,320.464
Other Liabilities	-	-	-	-	(76,654)	25,548.890	25,472.236
Shareholders' Equity	-	-	-	-	(7,420,560)	66,518.380	59,097.820
TOTAL SEGMENT LIABILITIES	294.262.271	110.052.778	-	108.039.701	(7.497.214)	106.660.862	611.518.398
OTHER SEGMENT ITEMS							
Capital Investment	-	-	-	-	-	-	-
Amortization Expense	-	-	-	-	-	138,821	138,821
Restructuring Costs	-	-	-	-	-	-	-

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SECTION FOUR (Continued)

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

VIII. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS (Continued)

1. Table for Segment Reporting (Continued)

Prior Period	Retail Banking	Corporate/ Entrepreneurial banking	Specialized Banking	Treasury/ Investment Banking	Consolidation Corrections	Other /Undistributed	Total
OPERATING INCOME/EXPENSE							
Interest Income	2.639.320	3.716.736	1.570.246	2.605.925	-	96.493	10.628.720
Interest Income from Loans	2.639.320	3.716.736	1.570.246	763.494	-	10.539	8.700.335
Interest Income from Banks	-	-	-	84.022	-	-	84.022
Interest Income from Securities	-	-	-	1.623.976	-	-	1.623.976
Other Interest Income	-	-	-	134.433	-	85.954	220.387
Interest Expense	2.354.033	1.077.187	-	2.127.931	-	54.228	5.613.379
Interest Expense on Deposits	2.354.033	1.077.187	-	232.673	-	1.454	3.665.347
Interest Expense on Funds Borrowed	-	-	-	281.398	-	-	281.398
Interest Expense on Money Market Transactions	-	-	-	1.377.823	-	-	1.377.823
Interest Expense on Securities Issued	-	-	-	236.037	-	-	236.037
Other Interest Expense	-	-	-	-	-	52.774	52.774
Net Interest Income/Expense	285.287	2.639.549	1.570.246	477.994	-	42.265	5.015.341
Net Fees and Commission Income/Expense	391.004	164.638	25.119	(50.699)	-	86.885	616.947
Fees and Commissions Received	391.004	164.638	25.119	3.209	-	114.780	698.750
Fees and Commissions Paid	-	-	-	53.908	-	27.895	81.803
Personnel Expenses	-	-	-	-	-	764.480	764.480
Dividend Income	-	-	-	2.038	-	-	2.038
Trading Income/Loss (Net)	-	-	-	(564.413)	-	-	(564.413)
Other Operating Income	7.618	42.788	6.970	579	-	1.099.448	1.157.403
Provision for Expected Loss (-)	284.721	585.561	186.906	10.355	-	24.005	1.091.548
Other Operating Expense	387.832	18.344	13.035	-	-	1.126.959	1.546.170
Net Operating Income/Loss	11.356	2.243.070	1.402.394	(144.856)	-	(686.846)	2.825.118
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	6.788	-	6.788
Tax Provision	-	-	-	-	-	(620.630)	(620.630)
Net Profit/Loss	11.356	2.243.070	1.402.394	(144.856)	6.788	(1.307.476)	2.211.276
SEGMENT ASSETS							
Financial Assets at FV Through P/L	-	-	-	6.782.778	-	-	6.782.778
Banks and Other Financial Institutions	-	-	-	9.333.095	-	-	9.333.095
Financial Assets Measured at Fair Value Through Other Comprehensive Income (Net)	-	-	-	79.830.814	2.233	-	79.833.047
Loans	94.703.180	219.844.242	64.158.050	17.086.392	-	3.266.015	399.057.879
Derivative Financial Assets	-	-	-	10.281.010	-	-	10.281.010
Financial Assets Measured at Amortised Cost (Net)	-	-	-	2.058.778	-	-	2.058.778
Associates, Subsidiaries and Joint Ventures	-	-	-	7.655.170	(7.417.597)	-	237.573
Other Assets	-	-	-	-	1.831	60.801.005	60.802.836
TOTAL SEGMENT ASSETS	94.703.180	219.844.242	64.158.050	133.028.037	(7.413.533)	64.067.020	568.386.996
SEGMENT LIABILITIES							
Deposits	257.256.430	62.710.117	-	26.578.726	-	7.829.975	354.375.248
Derivative Financial Liabilities Held for Trading	-	-	-	1.668.169	-	-	1,668.169
Funds Borrowed	-	-	-	34,848,769	-	-	34,848,769
Money Market Funds	-	-	-	68,603,638	-	-	68,603,638
Securities Issued (Net)	-	-	-	16,943,864	-	-	16,943,864
Provisions	4,339	453,913	-	-	-	4,292,820	4,751,072
Other Liabilities	-	-	-	-	(27,731)	27,094,992	27,067,261
Shareholders' Equity	-	-	-	-	(7,385,802)	67,514,777	60,128,975
TOTAL SEGMENT LIABILITIES	257.260.769	63.164.030	-	148.643.166	(7.413.533)	106.732.564	568.386.996
OTHER SEGMENT ITEMS							
Capital Investment	-	-	-	-	-	-	-
Amortization Expense	-	-	-	-	-	75.032	75.032
Restructuring Costs	-	-	-	-	-	-	-

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

1. Information on Cash and Balances with Central Bank of the Republic of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	2.418.067	1.895.922	2.099.128	1.668.232
Central Bank of the Republic of Turkey	3.292.666	42.761.031	3.059.195	35.869.303
Other	1.867	193.170	1.150	185.485
Total	5.712.600	44.850.123	5.159.473	37.723.020

Information on Required Reserves

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

As of the balance sheet date, according to CBRT’s Communiqué about Required Reserves No. 2016/4, the required reserves ratios for commercial banks operating in Turkey are as follows: for demand deposits, notice deposits and for deposits up to 1-month maturity, and for deposits up to 3-months maturity 7%; for deposits up to 6-months maturity 4%; for deposits up to 1-year maturity 2%; for deposits 1-year and longer maturity 3,5%; for TL liabilities other than deposits up to 1-year maturity 7%; for TL liabilities other than deposits between 1- and 3-years maturity 4,5%; for TL liabilities other than deposits more than 3-years maturity 1,5%; for FC deposit accounts, demand deposits, up to 1-month, up to 3-months, up to 6-months and up to 1-year maturities 12%; for FC deposit accounts with 1-year and longer maturity 8%, for FC liabilities other than deposits up to 1-year maturity 20%; for FC liabilities other than deposits up to 2-years maturity 15%; for FC liabilities other than deposits up to 3-years maturity 10%; for FC liabilities other than deposits up to 5-years maturity 6%; and for FC liabilities other than deposits more than 5-years maturity 4%.

According to the press release of CBRT held on 21 October 2014, interest payment for Turkish Lira reserve requirement has been commenced from the November 2014 maintenance period. In addition, according to Press Release of CBRT on Remuneration of Foreign Currency Required and Free Reserves numbered 2015/35, the implementation of remuneration for US dollars denominated required reserves, reserve options and free reserves held at CBRT has been started as of 5 May 2015.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	3.062.039	13.200.000	2.723.598	12.551.557
Unrestricted Time Deposit	-	-	-	6.689
Restricted Time Deposit	-	1.886.293	-	763
Other ⁽¹⁾	230.627	27.674.738	335.597	23.310.294
Total	3.292.666	42.761.031	3.059.195	35.869.303

⁽¹⁾ Includes required reserves and CBRT Restricted Electronic Money Funds amounting to TL 8.486. Required reserve of branches abroad amounting to TL 169.233 is presented in this line. TL 12.641.308 of the current period’s FC required reserve is the part of the TL required reserves that are held in FC. (31 December 2018: Includes required reserves and CBRT Restricted Electronic Money Funds amounting to TL 7.537. Required reserve of branches abroad amounting to TL 163.388 is presented in this line. TL 10.945.733 of the current period’s FC required reserve is the part of the TL required reserves that are held in FC).

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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	1.037.993	-
Assets Blocked/Given as Collateral	-	-
Total	1.037.993	-

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

3. Positive Differences Related to The Derivative Financial Assets Held-for-Trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Derivative financial assets held-for-trading				
Forward Transactions	274.172	92.764	243.173	28.128
Swap Transactions	2.358.332	656.114	1.305.367	481.402
Futures Transactions	-	-	-	-
Options	-	35	-	708
Other	-	-	-	-
Total	2.632.504	748.913	1.548.540	510.238

4. Information on Banks and Other Financial Institutions

4.1. Information on Bank Balances

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	2.267.263	129.854	2.415.689	97.528
Foreign Banks	49.196	4.719.987	178.841	6.405.062
Foreign Head Office and Branches	-	-	-	-
Total	2.316.459	4.849.841	2.594.530	6.502.590

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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	56.681.684	29.004.119
Assets Blocked/Given as Collateral	19.573.913	45.767.374
Total	76.255.597	74.771.493

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Debt Securities				
Quoted in Stock Exchange	94.219.837		85.616.480	
Not Quoted in Stock Exchange	93.782.433		85.247.015	
Share Certificates	437.404		369.465	
Quoted in Stock Exchange	477.390		473.465	
Not Quoted in Stock Exchange	293.746		227.330	
Provision for Impairment (-)	183.644		246.135	
Total	10.129.114	84.568.113	6.256.898	79.833.047

7. Information Related to Loans

7.1 Information on All Types of Loans and Advances Given to Shareholders and Employees of The Group

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Group Shareholders				
Legal Entities	-	-	-	-
Individuals	-	-	-	-
Indirect Loans Granted to Group Shareholders				
Loans Granted to Group Employees ^{(1) (2)}	487.123	-	403.046	-
Total	487.123	-	403.046	-

(1) Interest rediscount and interest accrual amounting TL 4.994, are not included in the table above.

(2) Since the balance of overdraft accounts related to employees amounting TL 17.847, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above.(31 December:2018: Since the balance of overdraft accounts related to employees amounting TL 22.076, is showed under Table 7.4. as overdraft accounts (real person), it is not included to the table above.)

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

7. Information Related to Loans(Continued)

7.2 Information on Standard and Close Monitoring Loans (First and Second Group Loans) Including Restructured or Rescheduled Loans

Current Period	Loans under Close Monitoring			
	Cash Loans	Performing Loans	Non-restructured	Restructured
Revised Contract Terms				Refinanced
Non-Specialized Loans	334.849.872	14.341.157	3.082.088	-
Commercial Loans	214.638.474	6.206.643	2.935.417	-
Export Loans	6.881.554	102.648	-	-
Import Loans	531.608	714	-	-
Loans Given to Financial Sector	4.610.850	6.453.813	-	-
Consumer Loans	92.672.068	1.390.064	146.234	-
Credit Cards	6.638.294	148.013	437	-
Other	8.877.024	39.262	-	-
Specialized Lending ⁽¹⁾⁽²⁾	61.260.577	1.470.834	643.519	-
Other Receivables	-	-	-	-
Interest Income Accruals ⁽²⁾	9.129.072	2.033.997	161.578	-
Total	405.239.521	17.845.988	3.887.185	-

⁽¹⁾ Agricultural loans of funds originated are shown in specialized lendings.

⁽²⁾ Farmer support agricultural loans are shown in specialized lendings.

Prior Period	Loans under Close Monitoring			
	Cash Loans	Performing Loans	Non-restructured	Restructured
Revised Contract Terms				Refinanced
Non-Specialized Loans	309.583.530	13.275.350	2.191.593	-
Commercial Loans	198.443.229	5.677.965	2.117.141	-
Export Loans	6.629.524	46.720	-	-
Import Loans	508.257	5.440	-	-
Loans Given to Financial Sector	2.933.264	6.052.521	-	-
Consumer Loans	86.986.557	1.304.871	71.925	-
Credit Cards	5.831.331	134.811	434	-
Other	8.251.368	53.022	2.093	-
Specialized Lending ⁽¹⁾⁽²⁾	58.636.554	1.518.720	534.642	-
Other Receivables	-	-	-	-
Interest Income Accruals ⁽²⁾	8.074.441	1.841.776	116.328	-
Total	376.294.525	16.635.846	2.842.563	-

⁽¹⁾ Agricultural loans of funds originated are shown in specialized lendings.

⁽²⁾ Farmer support agricultural loans are shown in specialized lendings.

	Current Period		Prior Period	
	Standard Qualified Loans	Loans Under Close Monitoring	Standard Qualified Loans	Loans Under Close Monitoring
Expected Provision Loss for 12 months	1.018.808	-	996.215	-
Significant Increase in Credit Risk	-	2.533.458	-	2.264.734

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Current Period)(Continued)

7. Information Related to Loans (Continued)

7.3. Information on Consumer Loans, Individual Credit Cards and Personnel Loans and Personnel Credit Cards

Current Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	1.063.832	90.472.105	91.535.937
Real Estate Loans ⁽²⁾	13.748	53.600.171	53.613.919
Vehicle Loans	7.648	297.978	305.626
Consumer Loans ⁽²⁾	1.042.436	36.573.956	37.616.392
Other	-	-	-
Consumer Loans- Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	21.509	758.903	780.412
Real Estate Loans	179	94.088	94.267
Vehicle Loans	-	209	209
Consumer Loans	6.206	372.912	379.118
Other	15.124	291.694	306.818
Individual Credit Cards-TL	4.943.561	187.260	5.130.821
With Installment	1.521.394	182.972	1.704.366
Without Installment	3.422.167	4.288	3.426.455
Individual Credit Cards-FC	40.947	-	40.947
With Installment	40.323	-	40.323
Without Installment	624	-	624
Personnel Loans-TL	22.007	308.147	330.154
Real Estate Loans	-	2.971	2.971
Vehicle Loans	-	84	84
Consumer Loans	22.007	304.289	326.296
Other	-	803	803
Personnel Loans-Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	38	38.089	38.127
Real Estate Loans	-	12.215	12.215
Vehicle Loans	-	4.996	4.996
Consumer Loans	3	452	455
Other	35	20.426	20.461
Personnel Credit Cards-TL	110.835	6.639	117.474
With Installment	45.386	6.542	51.928
Without Installment	65.449	97	65.546
Personnel Credit Cards-FC	1.368	-	1,368
With Installment	1.318	-	1.318
Without Installment	50	-	50
Overdraft Accounts-TL (Real Person)	1.523.717	-	1.523.717
Overdraft Accounts-FC (Real Person)	-	19	19
Total ⁽¹⁾	7.727.814	91.771.162	99.498.976

⁽¹⁾ TL 746.440 of interest income accrual is not included in the table above.

⁽²⁾ Consumer loans originated from funds amounting to TL 3.860.101 of are included in the table above.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Current Period)(Continued)

7. Information Related to Loans (Continued)

7.3. Information on Consumer Loans, Individual Credit Cards and Personnel Loans and Personnel Credit Cards

Prior Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	785.136	84.977.991	85.763.127
Real Estate Loans ⁽²⁾	13.436	53.180.598	53.194.034
Vehicle Loans	5.719	266.645	272.364
Consumer Loans ⁽²⁾	765.981	31.530.748	32.296.729
Other	-	-	-
Consumer Loans- Indexed to FC	1.231	554.870	556.101
Real Estate Loans	-	52.703	52.703
Vehicle Loans	-	523	523
Consumer Loans	954	270.718	271.672
Other	277	230.926	231.203
Consumer Loans-FC	7.083	189.717	196.800
Real Estate Loans	214	37.041	37.255
Vehicle Loans	-	-	-
Consumer Loans	2.006	94.040	96.046
Other	4.863	58.636	63.499
Individual Credit Cards-TL	4.541.131	118.449	4.659.580
With Installment	1.300.562	114.937	1.415.499
Without Installment	3.240.569	3.512	3.244.081
Individual Credit Cards-FC	504	-	504
With Installment	-	-	-
Without Installment	504	-	504
Personnel Loans-TL	11.102	234.224	245.326
Real Estate Loans	-	2.265	2.265
Vehicle Loans	-	102	102
Consumer Loans	11.102	231.857	242.959
Other	-	-	-
Personnel Loans-Indexed to FC	7.316	23.916	31.232
Real Estate Loans	7.276	3.557	10.833
Vehicle Loans	-	133	133
Consumer Loans	31	7.977	8.008
Other	9	12.249	12.258
Personnel Loans-FC	6	2.779	2.785
Real Estate Loans	-	1.001	1.001
Vehicle Loans	-	-	-
Consumer Loans	-	863	863
Other	6	915	921
Personnel Credit Cards-TL	120.677	2.141	122.818
With Installment	39.914	2.048	41.962
Without Installment	80.763	93	80.856
Personnel Credit Cards-FC	885	-	885
With Installment	-	-	-
Without Installment	885	-	885
Overdraft Accounts-TL (Real Person)	1.550.710	-	1.550.710
Overdraft Accounts-FC (Real Person)	17.254	18	17.272
Total ⁽¹⁾	7.043.035	86.104.105	93.147.140

⁽¹⁾ TL 678.267 of interest income accrual is not included in the table above.

⁽²⁾ Consumer loans originated from funds amounting to TL 3.839.218 of are included in the table above.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Current Period)(Continued)

7. Information Related to Loans (Continued)

7.4. Information on Commercial Installment Loans and Corporate Credit Cards

Current Period	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans-TL	1.597.575	39.026.963	40.624.538
Business Loans	3.554	888.020	891.574
Vehicle Loans	89.328	939.132	1.028.460
Consumer Loans	1.504.693	37.199.811	38.704.504
Other	-	-	-
Commercial Installment Loans- Indexed to FC	-	40.950	40.950
Business Loans	-	-	-
Vehicle Loans	-	40.950	40.950
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans - FC	665.593	32.720.638	33.386.231
Business Loans	-	6.180	6.180
Vehicle Loans	268	18.814	19.082
Consumer Loans	77.951	31.326.034	31.403.985
Other	587.374	1.369.610	1.956.984
Corporate Credit Cards-TL	1.473.833	14.839	1.488.672
With Installment	491.991	14.779	506.770
Without Installment	981.842	60	981.902
Corporate Credit Cards-FC	7.462	-	7.462
With Installment	7.291	-	7.291
Without Installment	171	-	171
Overdraft Account-TL (Legal Entity)	661.800	-	661.800
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	4.406.263	71.803.390	76.209.653

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

Prior Period	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans-TL	1.662.607	32.448.158	34.110.765
Business Loans	17.073	460.549	477.622
Vehicle Loans	93.421	944.940	1.038.361
Consumer Loans	1.552.113	30.852.721	32.404.834
Other	-	189.948	189.948
Commercial Installment Loans- Indexed to FC	219.289	938.792	1.158.081
Business Loans	788	59.578	60.366
Vehicle Loans	-	46.410	46.410
Consumer Loans	-	-	-
Other	218.501	832.804	1.051.305
Commercial Installment Loans - FC	311.912	28.941.566	29.253.478
Business Loans	-	-	-
Vehicle Loans	407	19.046	19.453
Consumer Loans	160.509	28.492.473	28.652.982
Other	150.996	430.047	581.043
Corporate Credit Cards-TL	1.167.050	14.704	1.181.754
With Installment	353.950	14.640	368.590
Without Installment	813.100	64	813.164
Corporate Credit Cards-FC	1.033	2	1.035
With Installment	902	-	902
Without Installment	131	2	133
Overdraft Account-TL (Legal Entity)	663.279	-	663.279
Overdraft Account-FC (Legal Entity)	18.754	-	18.754
Total ⁽¹⁾	4.043.924	62.343.222	66.387.146

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

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Current Period)(Continued)

7. Information related to loans (Continued)

7.5. Breakdown of Domestic and International Loans

	Current Period	Priod Period
Domestic Loans	403.223.459	372.670.578
Foreign Loans	12.424.588	13.069.811
Interest Income Accruals of Loans	11.324.647	10.032.545
Total	426.972.694	395.772.934

7.6. Loans Granted to Subsidiaries and Associates

None. (31 December 2018: None)

7.7. Provisions provided against loans (Stage Three)

	Current Period	Priod Period
Loans and other receivables with limited collectability	357.885	726.013
Loans and other receivables with doubtful collectability	1.195.659	760.225
Uncollectible loans and other receivables	4.672.099	4.704.692
Total	6.225.643	6.190.930

7.8. Information on Non-Performing Receivables (Net)

7.8.1. Information on Non-Performing Loans and Loans which are Restructured or Rescheduled (Net)

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful	Group V Uncollectible loans and receivables
Current Period			
Gross amounts before the provisions	75.315	121.782	175.359
Rescheduled loans	75.315	121.782	175.359
Prior Period			
Gross amounts before the provisions	53.834	77.194	152.866
Rescheduled loans	53.834	77.194	152.866

7.8.2. Information on the Movement of Non-Performing Receivables

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Prior Period Ending Balance	1.889.105	1.418.246	5.448.646
Additions (+)	279.002	641.458	7.540
Transfers from Other Categories of Loans under Follow-Up (+)	-	1.077.457	414.913
Transfers to Other Categories of Loans under Follow-Up (-)	1.077.457	414.913	-
Collections (-)	143.510	185.779	157.245
Deducted from the record (-) ⁽¹⁾	28.786	1.503	16.218
Debt Sale (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period End Balance	918.354	2.534.966	5.697.636
Specific Provision (-)	357.885	1.195.659	4.672.099
Net Balance on Balance Sheet	560.469	1.339.307	1.025.537

⁽¹⁾ Consist of amount transferred to the Stage I and Stage II loans.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Current Period)(Continued)

7. Information Related to Loans (Continued)

7.8. Information On Non-Performing Receivables (Net) (Continued)

7.8.3. Information on Foreign Currency Non-Performing Loans

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
Current Period:			
Period Ending Balance	76.475	403.601	213.827
Provision (-)	19.675	218.429	120.202
Net Balance on Balance Sheet	56.800	185.172	93.625
Prior Period:			
Period Ending Balance	583.308	63.507	358.508
Provision (-)	267.579	46.440	351.392
Net Balance on Balance Sheet	315.729	17.067	7.116

7.8.4. Gross and Net Amounts of Non-Performing Receivables According to User Groups

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
Current Period (Net)	560.469	1.339.307	1.025.537
Loans to Real Persons and Legal Entities (Gross)	918.354	2.534.966	5.556.659
Provision (-)	357.885	1.195.659	4.531.122
Loans to Real Persons and Legal Entities (Net)	560.469	1.339.307	1.025.537
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	140.977
Provision (-)	-	-	140.977
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	1.163.092	658.021	743.954
Loans to Real Persons and Legal Entities (Gross)	1.889.105	1.418.246	5.313.440
Provision (-)	726.013	760.225	4.569.486
Loans to Real Persons and Legal Entities (Net)	1.163.092	658.021	743.954
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	135.206
Provision (-)	-	-	135.206
Other Loans and Receivables (Net)	-	-	-

7.8.5. Information on accruals of interest,rediscount and valuation effect and their provisions calculated for non-performing loans banks which provide expected credit loss according to TFRS 9

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
Current Period (Net)	27.519	73.464	11.777
Interest Accruals and Valuation Differences	54.751	162.391	49.420
Provision (-)	27.232	88.927	37.643
Prior Period	67.001	29.159	9.399
Interest Accruals and Valuation Differences	116.066	65.264	28.958
Provision (-)	49.065	36.105	19.559

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Current Period)(Continued)

8. Financial Assets Measured at Amortised Cost

8.1. Information on Comparative Net Values of Financial Assets Measured at Amortised Cost Subject to Repo Transactions and Given as a Collateral/Blocked

Invesments measured at amortised cost subject to repo transactions

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	5.198.875	2.469.462	177.923	1.819.056
Treasury Bills	-	-	-	-
Other Public Sector Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	5.198.875	2.469.462	177.923	1.819.056

Financial assets measured at amortised cost given as collateral or blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	-	-	-	-
Bonds and Similar Investment Securities	-	1.139.565	3.790.424	3.019.229
Other	-	-	-	-
Total	-	1.139.565	3.790.424	3.019.229

8.2. Information on Government Securities Measured at Amortised Cost

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds		9.623.219		10.076.568
Treasury Bills		-		-
Other Public Sector Debt Securities		8.390		7.882
Total		9.631.609		10.084.450

8.3. Information on Invesments Measured at Amortised Cost

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt securities		9.796.607		10.282.653
Quoted in a Stock Exchange		9.623.338		10.076.676
<i>Not Quoted in a Stock Exchange</i>		173.269		205.977
Provision for Impairment (-)		119		108
Total		9.796.488		10.282.545

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Current Period) (Continued)

8.4 Movements of Investments Measured at Amortised Cost

	Current Period	Prior Period
Beginning Balance	10.282.545	7.625.763
Foreign Currency Differences on Monetary Assets	296.463	1.772.252
Purchases During the Year ^(*)	63.275	3.515.803
Disposals through Sales and Redemptions	(845.676)	(2.631.165)
Provision for Impairment (-)	119	108
Period End Balance	9.796.488	10.282.545

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

9. Information about Associates Accounts (Net)

9.1. Information about Unconsolidated Associates

	Description	Address (City/ Country)	The Parent Bank’s Share Percentage, if Different, Voting Percentage (%)	The Bank’s Risk Group Share Percentage (%)
1	Bankalararası Kart Merkezi A.Ş.	Istanbul/Turkey	12,50	17,98
2	Kredi Kayıt Bürosu A.Ş.	Istanbul/ Turkey	10,00	9,09

	Total Assets ⁽²⁾	Shareholders’ Equity ⁽²⁾	Total Non- Current Assets ⁽²⁾⁽³⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit / Loss ⁽²⁾	Prior Period Profit / Loss ⁽²⁾	Fair Value ⁽¹⁾
1	120.754	73.908	67.083	1.238	-	8.943	4.564	-
2	298.608	175.136	173.225	3.724	-	11.639	12.874	-

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

(2) Current period information of associates has been provided from limited reviewed financial statements as of 31 March 2019. Prior period profit/loss information of associates has been provided from audited financial statements as of 31 March 2018.

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

9.2. Information on Consolidated Associates by Equity Method

	Description	Address (City/ Country)	The Parent Bank’s Share Percentage, if Different, Voting Percentage (%)	The Parent Bank’s Risk Group Share Percentage (%)
1	Arap Türk Bankası A.Ş.	Istanbul/Turkey	25,00	15,43

	Total Assets ⁽²⁾	Shareholde rs’ Equity ⁽²⁾	Total Non- Current Assets ⁽²⁾⁽³⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit / Loss ⁽²⁾	Prior Period Profit / Loss ⁽²⁾	Fair Value ⁽¹⁾
1	4.562.210	916.397	120.294	74.587	8.818	50.665	24.432	-

(1) Since shares of Arap Türk Bankası A.Ş. are not traded in the stock market, fair values cannot be identified.

(2) Current period information of Arap Türk Bankası A.Ş. has been provided from unaudited financial statements as of 31 March 2019. Prior period profit/loss information of Arap Türk Bankası A.Ş. has been provided from audited financial statements as of 31 March 2018.

9.2.1 Information on Consolidated Associates by Equity Method

	Current Period	Prior Period
Balance at the Beginning of the Period	133.745	121.185
Movement During the Period	7.655	12.560
Additions	-	-
Bonus Share Certificates	-	-
Shares of Current Year Profits	7.818	15.581
Transfer	-	-
Sales	-	-
Revaluation Increase	-	374
Impairment Provision	163	3.395
Balance at the End of the Period	141.400	133.745
Capital Commitments	-	-
Period Ending Share of Capital Participation (%)	15,43	15,43

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Current Period)(Continued)

9. Information about Associates Accounts (Net)

9.2.2. Sectoral Information and Related Amounts on Consolidated Associates by Equity Method

	Current Period	Prior Period
Banks	141.400	133.745
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	-	-

9.4. Associates Quoted to a Stock Exchange

None (31 December 2018: None).

10. Information on Subsidiaries (Net)

10.1. Information on Unconsolidated Subsidiaries

	Description	Address (City/ Country)	The Parent Bank’s Share Percentage- if different Voting Percentage (%)	The Parent Bank’s Group Share Percentage (%)
1	Ziraat Teknoloji A.Ş.	Istanbul/Turkey	100,00	100,00

	Total Assets	Shareholders’ Equity	Total Non- Current Assets	Interest Income	Income from Marketable Securities	Current Period Profit / Loss	Prior Period Profit / Loss	Fair Value	Shareholders’ equity amount needed
1	787.041	786.788	232	-	-	35.471	4.333	-	-

(1) Since shares of subsidiaries are not traded in the stock market, fair values cannot be identified.

(2) Current period information of subsidiaries has been provided from unaudited financial statements as of 31 March 2019. Prior period profit/loss information has been provided from audited financial statements as of 31 March 2018.

10.2. Information on Consolidated Subsidiaries

In the consolidated financial statements of the Parent Bank, investments related to subsidiaries and joint ventures operating abroad in foreign currency are followed by their fair values. For these subsidiaries, fair value is determined by valuation reports, TL equivalents of investments related to subsidiaries are fixed as of revaluation date and revaluation differences added to subsidiaries’ values are recognized in “Marketable Securities Value Increase Fund” under shareholders’ equity.

	Description	Address (City/ Country)	The Parent Bank’s Share Percentage-if different Voting Percentage (%)	The Parent Bank’s Risk Group Share Percentage (%)
1	Ziraat Hayat ve Emeklilik A.Ş.	Istanbul/Turkey	100,00	100,00
2	Ziraat Sigorta A.Ş.	Istanbul/Turkey	100,00	100,00
3	Ziraat Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	100,00	99,60
4	Ziraat Portföy Yönetimi A.Ş. (**)	Istanbul/Turkey	100,00	99,80
5	Ziraat Katılım Bankası A.Ş. (*)	Istanbul/Turkey	100,00	100,00
6	Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	100,00	100,00
7	Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	100,00	100,00
8	Ziraat Bank International A.G.	Frankfurt/Germany	100,00	100,00
9	Ziraat Bank BH d.d.	Sarajevo/Bosnia and Herzegovina	100,00	100,00
10	Ziraat Bank (Moscow) JSC	Moscow/Russia	100,00	100,00
11	Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	100,00	99,58
12	Ziraat Bank Azerbaycan ASC	Baku/Azerbaijan	100,00	100,00
13	Ziraat Bank Montenegro AD	Podgorica/Montenegro	100,00	100,00
14	JSC Ziraat Bank Georgia	Tbilisi/Georgia	100,00	100,00
15	Ziraat Bank Uzbekistan JSC	Tashkent/ Uzbekistan	100,00	100,00

(*) With the decision of the Banking Regulation and Supervision Agency dated 18 January 2019, numbered 8210 and based on the Board of Directors decision of Ziraat Katılım Bankası A.Ş. dated 18 October 2018, numbered 34/19; Ziraat Finansal Kiralama A.Ş. was transferred to Ziraat Katılım Bankası A.Ş. by dissolving it in a liquidated manner with all assets and liabilities over the balance sheet date and they are united under the roof of Ziraat Katılım Bankası A.Ş. The merger was registered with the Istanbul Registry of Commerce on 1 March 2019.

(**) In accordance with the share transfer agreement dated 19 December 2018, following the completion of the prerequisites, on 31 January 2019 the company acquired 100% of the shares of T. Halk Bankası A.Ş., Halk Yatırım Menkul Değerler A.Ş. and Halk Finansal Kiralama A.Ş. holds the 100% share of Halk Portföy Yönetimi A.Ş. and T. Vakıflar Bankası T.A.O. holds the 100% share of Vakıf Portföy Yönetimi A.Ş.,

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

10. Information on Subsidiaries (Net) (Continued)

10.2. Information on Consolidated Subsidiaries (Continued)

	Total Assets	Shareholders' Equity	Total Non-Current Assets	Interest Income	Income from Marketable Securities	Current Period Profit / Loss	Prior Period Profit / Loss	Fair Value	Shareholders' equity amount needed
1	8.821.948	1.218.526	2.165	143.850	-	180.947	121.891	-	-
2	1.920.456	729.899	5.152	48.919	-	85.619	57.747	-	-
3	296.544	201.704	539	-	2.320.398	19.694	17.226	-	-
4	97.323	92.190	56.090	3.702	11.204	7.788	4.685	-	-
5	22.188.803	2.218.584	132.512	1.953.615	136.942	322.665	158.902	-	-
6	1.982.905	1.693.652	1.580.684	-	-	9.467	14.411	-	-
7	787.041	786.788	232	-	-	35.471	-	-	-
8	9.744.307	1.501.231	22.576	79.010	793	28.545	20.146	1.417.616	-
9	3.126.680	553.837	130.300	27.322	127	1.757	(410)	638.508	-
10	617.471	242.394	11.451	14.323	96	6.133	5.492	209.829	-
11	1.025.710	409.472	24.846	18.996	-	7.897	13.559	382.795	-
12	717.208	217.267	57.738	14.505	168	3.166	3.144	202.831	-
13	491.105	87.234	4.352	4.456	305	(114)	(427)	80.768	-
14	224.960	110.271	9.601	2.340	1.039	1.730	909	110.598	-
15	354.917	150.233	6.018	7.972	-	5.171	2.715	166.462	-

(1) The subsidiaries other than the ones presented with fair value are not traded in stock exchange and accordingly fair values cannot be determined and they are carried at cost less impairment, if any. For the subsidiaries having fair value, fair value shows the portion belonging to Ziraat Bank.

(2) The income from marketable securities portfolio of Ziraat Yatırım Menkul Değerler A.Ş. and Ziraat Portföy Yönetimi A.Ş. are representing the net sales.

(3) The amount of Ziraat Katılım Bankası A.Ş. shown in interest income column includes incomes from the participation funds.

(4) Information on Ziraat Katılım Bankası A.Ş. has been provided from audited financial statements as of 31 March 2019, the prior period profit/loss balances have been provided from audited financial statements as of 31 March 2018, the prior period profit/loss balances have been provided from audited financial statements as of 31 December 2017.

Information on Consolidated Subsidiaries (Represents Values Belonging To the Parent Bank)

	Current Period	Prior Period
Balance at the Beginning of the Period	7.394.408	5.138.250
Movements During the Period	94.236	2.256.158
Additions to Scope of Consolidation	-	-
Purchases ⁽¹⁾	-	1.521.015
Bonus Shares Obtained	-	-
Dividends from current year income	-	-
Sales	-	-
Revaluation Increase ⁽²⁾	94.236	807.408
Impairment Provision (-)	-	72.265
Balance at the End of the Period	7.488.644	7.394.408
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

(1) Paid Capital Increases made during the period are classified under “Purchases” account.

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

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

10.2. Sectoral Information and Related Amounts of Subsidiaries

(Represents Values Belonging To the Parent Bank)

	Current Period	Prior Period
Banks	5.242.247	4.865.172
Insurance Companies	129.972	129.972
Factoring Companies	-	-
Leasing Companies	-	282.839
Financing Companies	-	-
Other Financial Subsidiaries	2.116.425	2.116.425

10.3. Subsidiaries which are Quoted on a Stock Exchange

None (31 December 2018: None).

11. Information on Entities Under Common Control (Joint Ventures)

Entities under Common Control (Joint Ventures) (*)	Parent Bank's Share (**)	Group's Share	Current Assets	Non-Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	50,00	50,00	4.343.123	15.154	21.180	21.670	10.236

(*) Information on entity under joint control is provided from the unaudited financial statements as of 31 March 2019.

Entities under common control domiciled and operating in the Parent Bank's consolidated financial statement abroad are followed by their fair values. For these entities under common control, fair value is determined by independent valuation firm's report and revaluation differences are accounted as the value of entities under common control and in "Marketable Securities Value Increase Fund" under shareholders' equity.

12. Information on Finance Lease Receivables (Net)

Information on finance lease receivables are as below:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	34.758	32.680	1.709.543	1.429.167
1-5 Years	2.186.113	1.943.042	2.778.781	2.136.398
More than 5 Years	2.317.136	1.652.197	538.541	413.115
Total	4.538.007	3.627.919	5.026.865	3.978.680

13. Information on Derivative Financial Assets for Hedging Purposes

Group does not have any derivative financial assets for hedging purposes.

14. Information on Investment Property

None.

15. Information on Assets Held For Sale And Tangibles Corresponding Discontinuing Operations

Group 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 Parent Bank. Those immovables considered for sales are announced at the web site of the Parent Bank.

The Group's immovables acquired amount to TL 1.590.633 consisting of, TL 1.453.843 on its commercial loans and TL 113.979 on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL 3.864.(31 December 2018: The Group's immovables acquired amount to TL 1.227.120 consisting of TL 17.591 due to consumer loans, TL 1.109.214 on its commercial loans and TL 100.315 on its agricultural loans. Also, the sum of movables acquired from consumer loan amounts to TL 3.559.)

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

16. Explanations on Property And Equipment

	Tangibles	Tangibles- Right-of-Use	Intangibles	Intangibles- Right-of-Use	Operational Leasing Development Costs	Other Tangibles	Total
Prior Period End							
Cost	7.250.703	-	1.136.072	14.928	294.805	154.276	8.850.784
Accumulated Depreciation (-)	986.217	-	722.823	6.218	232.687	94.618	2.042.563
Impairment (-)	2.805	-	-	-	-	1.661	4.466
Net Book Value	6.261.681	-	413.249	8.710	62.118	57.997	6.803.755
Current Period End							
Net Book Value at the Beginning of the Period	6.261.681	-	413.249	8.710	62.118	57.997	6.803.755
Change During the Period (Net)	42.550	621.061	9.262	84.402	(5.145)	87.265	839.395
- Cost	51.366	644.818	45.121	92.694	2.395	100.670	937.064
- Depreciation – net (-)	8.816	23.757	35.859	8.292	7.540	13.211	97.475
- Impairment (-)	-	-	-	-	-	194	194
Net Currency Translation from Foreign Subsidiaries	1.300	22.238	13.711	-	828	(3.725)	34.352
Cost at Period End	7.303.369	667.056	1.194.904	107.622	298.028	251.221	9.822.200
Accumulated Depreciation at Period End (-)	995.033	23.757	758.682	14.510	240.227	107.829	2.140.038
Impairment (-)	2.805	-	-	-	-	1.855	4.660
Closing Net Book Value	6.305.531	643.299	436.222	93.112	57.801	141.537	7.677.502

17. The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this:

None.

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

None.

19. Information on expected credit loss for financial investments

	Current Period	Prior Period
Cash values and central bank	1745	463
Receivables from banks and money markets	11.416	14.112
Financial assets appraised over their amortised cost	2245	1535
Other asset	65.098	54.100
Total:	80.504	70.210

20. Information on Other Assets

As of 31 March 2019, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED 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	28.258.828	-	3.075.632	75.493.800	7.676.964	3.285.466	3.994.906	194.589	121.980.185
Foreign Currency Deposits	44.213.749	-	14.048.001	66.193.093	11.205.413	10.345.897	30.046.164	6.773	176.059.090
Residents in Turkey	36.452.058	-	12.896.280	54.256.457	6.685.879	4.217.253	8.480.714	5.113	122.993.754
Residents Abroad	7.761.691	-	1.151.721	11.936.636	4.519.534	6.128.644	21.565.450	1.660	53.065.336
Public Sector Deposits	6.808.588	-	3.834.289	5.759.182	956.767	1.807.887	107.812	-	19.274.525
Commercial Inst. Deposits	8.355.847	-	5.906.771	13.059.427	870.918	2.331.504	1.910.859	-	32.435.326
Other Inst. Deposits	1.978.868	-	1.359.171	4.588.633	4.621.679	848.911	653.083	-	14.050.345
Precious Metals	8.361.994	-	74.892	1.522.306	156.235	59.334	83.792	-	10.258.553
Interbank Deposits	2.892.094	-	17.520.180	7.832.718	3.005.341	13.375	946.452	-	32.210.160
CBRT	1.343	-	-	-	-	-	-	-	1.343
Domestic Banks	348.715	-	16.534.642	304.446	250.517	2.129	2.125	-	17.442.574
Foreign Banks	1.138.240	-	985.538	6.960.482	2.754.824	11.246	655.967	-	12.506.297
Participation Banks	1.403.796	-	-	567.790	-	-	288.360	-	2.259.946
Other	-	-	-	-	-	-	-	-	-
Total	100.869.968	-	45.818.936	174.449.159	28.493.317	18.692.374	37.743.068	201.362	406.268.184

Prior Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	26.085.178	-	2.970.274	75.339.363	8.225.640	3.109.733	3.552.919	163.671	119.446.778
Foreign Currency Deposits	35.462.060	-	12.077.492	48.125.965	9.418.307	9.012.470	27.868.733	5.576	141.970.603
Residents in Turkey	28.739.734	-	10.822.850	37.227.261	5.531.411	3.528.918	7.765.042	4.070	93.619.286
Residents Abroad	6.722.326	-	1.254.642	10.898.704	3.886.896	5.483.552	20.103.691	1.506	48.351.317
Public Sector Deposits	7.082.239	-	3.192.485	5.244.373	2.018.212	3.470.269	101.658	-	21.109.236
Commercial Inst. Deposits	9.223.407	-	5.176.246	8.157.297	829.440	3.681.582	242.536	-	27.310.508
Other Inst. Deposits	1.978.024	-	1.806.775	4.543.593	1.179.194	864.518	538.096	-	10.910.200
Precious Metals	6.710.515	-	67.100	1.194.009	101.328	51.184	71.877	-	8.196.013
Interbank Deposits	4.151.647	-	12.150.631	4.143.899	2.900.136	1.258.825	826.772	-	25.431.910
CBRT	1.038	-	-	-	-	-	-	-	1.038
Domestic Banks	288.147	-	9.295.725	97.998	11.406	2.088	2.085	-	9.697.449
Foreign Banks	2.970.112	-	2.854.906	3.774.861	2.888.730	1.256.737	553.647	-	14.298.993
Participation Banks	892.350	-	-	271.040	-	-	271.040	-	1.434.430
Other	-	-	-	-	-	-	-	-	-
Total	90.693.070	-	37.441.003	146.748.499	24.672.257	21.448.581	33.202.591	169.247	354.375.248

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

1. Information on Deposits/Funds Collected

1.2. Saving Deposits Under the Guarantee of Deposit Insurance and Exceeding the Deposit Insurance Limit

Saving Deposits	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits ⁽¹⁾	76.281.007	77.125.284	45.235.528	41.715.586
Foreign Currency Saving Deposits ⁽¹⁾	43.463.271	36.632.643	75.631.702	74.091.093
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at Foreign Branches and under the Guarantees of Foreign Authority Insurance ⁽²⁾	1.193.086	1.106.656	168.015	161.259
Deposits at Off-Shore Banking Regions’ and under Foreign Authorities’ Insurance	-	-	-	-

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

⁽²⁾ In Bulgaria and Greece, since both real person and legal entity’s saving deposits are under the guarantee of insurance and since such balances included in insurance limit are calculated by the system, the legal entity saving deposits amounting to TL 121.461 and TL 44.050 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2018: TL 140.007 and TL 24.266).

Based on the Council of Minister’s decree dated 29 December 2003 and numbered 2003/6668, TL 648 of demand deposits is not included in the above calculation, since the Bank paid the saving deposits amount attributable to T. İmar Bank T.A.Ş.

Savings Deposit Insurance Fund premiums are calculated based on deposit amount attributable to real persons in domestic branches of the banks. As total of capital amount and interest expense accruals of saving deposits up to TL 100 attributable to a real person is covered by the insurance, TL 1.871.097 of interest expense accrual is included in the above-mentioned figures in accordance with the Communiqué on Insurance Deposits and Participation Funds and Premiums Collected by the Savings Deposit Insurance Fund published in the Official Gazette dated 15 February 2013 and numbered 28560.

1.3. Information on Saving Deposits/Real Persons’ Private Current And Accession Accounts Not Related to Commercial Transactions in a Turkish Branch of The Parent Bank Whose Head Office is Abroad, And Reasons if it is Covered in Where The Head Office is Located

The Parent Bank’s head office is located in Turkey.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

1. Information on Deposits/Funds Collected (Continued)

1.4. Saving Deposits of Real Persons Not Covered by the Deposit Insurance Fund

	Current Period	Prior Period
Deposits and other Accounts in Branches Abroad	61.402	59.444
Deposits of Ultimate Shareholders and Their Close Family Members	-	-
Deposits of Chairman and Members of the Board of Directors, CEO, Executive Vice Presidents and Their Close Family Members	9.330	9.247
Deposits Obtained through Illegal Acts Defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004	-	-
Saving Deposits in Banks Established in Turkey Exclusively for Off-Shore Banking Activities	-	-

2. Negative Differences Related to the Derivative Financial Liabilities Held for Trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	305.286	79.384	272.091	27.360
Swap Transactions	74.259	1.181.988	882.868	484.487
Futures Transactions	-	-	-	-
Options	-	34	1.363	-
Other	-	-	-	-
Total	379.545	1.261.406	1.156.322	511.847

3. Information on Banks and Other Financial Institutions

3.1. General Information on Banks and Other Financial Institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	-	-	-	-
Domestic Banks and Institutions	569.706	5.114.723	615.820	5.735.551
Foreign Banks, Institutions and Funds	386.949	29.901.083	580.527	27.916.871
Total	956.655	35.015.806	1.196.347	33.652.422

3.2. Maturity Structure of Funds Borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	568.930	6.085.998	615.434	6.314.775
Medium and Long-Term	387.725	28.929.808	580.913	27.337.647
Total	956.655	35.015.806	1.196.347	33.652.422

3.3. Further Information is Disclosed for the Areas Of Liability Concentrations. Main Liability Concentration Areas are Fund Suppliers, Sector Groups or other Risk Concentration Criteria

66,44 % of the Group’s total liabilities and equity consist of deposits. Deposits have a diversified base and have steady structures. The Group’s liabilities are not subject to a significant concentration risk.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

4. Information on Funds Supplied from Repurchase Agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Transactions	40.564.294	-	56.213.158	-
Financial Institutions and Organizations	39.822.819	-	56.007.340	-
Other Institutions and Organizations	737.233	-	203.162	-
Real Person	4.242	-	2.656	-
From Overseas Operations	16.175	19.166.498	-	12.390.480
Financial Institutions and Organizations	16.175	19.166.498	-	12.390.480
Other Institutions and Organizations	-	-	-	-
Real Person	-	-	-	-
Total	40.580.469	19.166.498	56.213.158	12.390.480

5. Information on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	1.612.586	188.009	1.761.094	106.896
Asset-Backed Securities	1.851.393	-	1.375.097	-
Treasury Bills	1.010.690	13.336.637	1.190.585	12.510.192
Total	4.474.669	13.524.646	4.326.776	12.617.088

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

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

7. Information on Finance Lease Payables (Net)

Information on finance lease payables are shown in the table below.

	Current Period		Prior Period	
	TL	FC	TL	FC
Less than 1 Year	170.904	98.795	-	-
1-4 Years	270.198	267.003	-	-
More than 4 Years	370.177	362.298	-	-
Total	811.279	728.096	-	-

8. Information on Derivative Financial Liabilities for Hedging Purposes

There are no derivative financial liabilities for hedging purposes of Group.

9. Explanations on Provisions

9.1 Foreign Exchange Loss Provisions on The Foreign Currency Indexed Loans and Finance Lease Receivables

Foreign exchange loss provisions on foreign currency indexed loans and finance lease receivables amount of Group is TL 59. (31 December 2018: 228 TL).

9.2. Liabilities on Reserve for Employee Termination Benefits

The Group accounts for its vacation and retirement pay obligations in accordance with the TAS 19 “Employee Benefits”. The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 31 March 2019, unpaid vacation liability amounted to TL 276.329, and employment termination amounted to TL 884.725 are presented under the “Employee Benefits Provision” in the financial statements. (31 December 2018: unpaid vacation liability amounted to TL 207.658, and employment termination amounted to TL 836.363 are presented under the “Employee Benefits Provision” in the financial statements.)

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

9. Explanations on Provisions (Continued)

9.3. Information on Other Provisions

These financial statements include a free provision which is not in accordance with BRSA Principles amounting to TL 982.000, provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions. Moreover, the provision of TL 30.500 and other provision of TL 218 exist for cash transfers made by Parent Bank officials.(31 December 2018: These financial statements include a free provision which is not in accordance with BRSA Principles amounting to TL 1.475.000 ,which has a part of TL 982.000 have been reversed from the current period, provided by the Bank management in line with the conservatism principle considering the circumstances that may arise from any changes in the economy or market conditions. Moreover, the provision of TL 30.000 and other provision of TL 217 exist for cash transfers made by Bank officials.)

10. Information on Tax Liability

10.1. Information on Current Tax Liability

10.1.1. Information on Tax Provisions

As of 31 March 2019, the remaining corporate tax liability after deducting temporary taxes paid for the period of the Group is TL 587.703. (31 December 2018: the remaining corporate tax liability after deducting temporary taxes paid for the period of the Group is TL 1.001.148.)

10.1.2. Information on Current Taxes Payable

	Current Period	Prior Period
Corporate Tax Payable	587.703	1.001.148
Taxation on Income From Securities	365.058	208.090
Property Tax	3.144	2.890
Banking Insurance Transactions Tax (BITT)	224.196	246.205
Foreign Exchange Transactions Tax	76	58
Value Added Tax Payable	13.680	16.288
Other	260.245	117.251
Total	1.454.102	1.591.930

10.1.3. Information on Premiums

	Current Period	Prior Period
Social Security Premiums - Employee	51	260
Social Security Premiums - Employer	86	376
Bank Social Aid Pension Fund Premium - Employee	14.893	11.988
Bank Social Aid Pension Fund Premium - Employer	20.759	16.712
Pension Fund Membership Fees and Provisions - Employee	1	1
Pension Fund Membership Fees and Provisions - Employer	1	-
Unemployment Insurance - Employee	2.401	1.894
Unemployment Insurance - Employer	5.940	3.790
Other	-	-
Total	44.132	35.021

10.2. Information on Deferred Tax Liabilities, if any

The Group’s deferred tax liability, for the current term, amounts to TL 4.371. (31 December 2018: TL 8.669)

11. Information on Payables for Assets Held For Sale and Discontinued Operations

The Group does not have any payables for assets held for sale and discontinued operations.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2019
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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

12. Explanations on Subordinated Debts

The Group does not have any subordinated debts.

13. Information on Shareholders’ Equity

13.1. Presentation on Paid-In Capital

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

13.2. Paid-In Capital Amount, Explanation Whether the Registered Capital System is Applicable by The Parent Bank, if so the Registered Capital Ceiling Amount

The Parent Bank does not have a registered capital system.

13.3. Information on Share Capital Increases and Their Sources; Other Information on Increased Capital Shares in the Current Period

There is no share capital increases in the current period.

13.4. Information on Additions from Capital Reserves to Capital in the Current Period

There is no share capital amount included in capital.

13.5. Capital Commitments in the Last Fiscal Year and Continue Until the End of the Following Interim Period, General Purpose of These Commitments and Estimated Resources Required for These Commitments

The Bank has no capital commitments.

13.6. Indicators of The Parent Bank’s Income, Profitability And Liquidity for The Previous Periods and Possible Effects of Future Assumptions Based on The Uncertainty of These Indicators on The Bank’s Equity

In the current period, the Parent Bank follows its operations in line with the previous periods. The Parent Bank’s balance sheet has been managed with precaution by being affected by the interest, rate of exchange and credit risks at the minimum level. This helps to reduce the effects of fluctuations in the market to the Parent Bank’s performance and contributes to the profitability structure to be sustainable.

13.7. Information on Preferred Shares Representing The Capital

The Bank has no preferred shares.

13.8. Information on Marketable Securities Value Increase Fund

	Current Period		Prior Period	
	TL	FC	TL	FC
From Subsidiaries, Associates and Entities under Common Control	89.269	28.222	89.269	28.222
Revaluation Difference	(4.133)	28.222	(4.133)	28.222
Foreign Exchange Difference	93.402	-	93.402	-
From Financial Assets at Fair Value Through Other Comprehensive Income	(5.301.221)	(3.877.287)	(3.423.980)	(2.783.053)
Revaluation Difference	(7.890.033)	(3.877.300)	(5.174.693)	(2.783.095)
Deferred Tax Effect	2.588.812	-	1.750.713	(12)
Foreign Exchange Difference	-	13	-	54
Total	(5.211.952)	(3.849.065)	(3.334.711)	(2.754.831)

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2019
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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Information on Off-Balance Sheet Liabilities

1.1. Nature and Amount Of Irrevocable Loan Commitments

	Current Period	Prior Period
Commitments for Credit Card Expenditure Limits	17.135.166	13.363.899
Other Irrevocable Commitments	14.368.622	14.238.136
Loan Granting Commitments	9.485.590	8.568.744
Payment Commitments for Cheques	3.740.628	2.876.102
Asset Purchase Commitments	66.455.973	7.262.309
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	25.778	23.620
Tax and Fund Obligations Resulting from Export Commitments	8.404	6.925
Subsidiaries and Associates Capital Contribution Commitments	-	-
Total	111.220.161	46.339.735

1.2. Nature and Amount of Possible Losses and Commitments Arising From The Off-Balance Sheet Items Including The Below Mentioned

The Group has provided provision amounting to TL 503.025 for possible losses arising from the off-balance sheet items in the current year. (31 December 2018: TL 466.897).

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

	Current Period	Prior Period
Guarantee Letters	105.486.753	103.715.207
Letter of Credits	19.839.361	18.388.533
Bank Acceptances	8.966.382	8.317.026
Endorsement	548.069	202.092
Factoring Guarantees	1.993	2.172
Other Guarantees	997.630	1.010.273
Other Warrantees	7.487	12.405
Total	135.847.675	131.647.708

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

	Current Period	Prior Period
Letters of Certain Guarantees	72.302.042	69.436.954
Letters of Advance Guarantees	19.781.288	21.139.028
Letters of Temporary Guarantees	3.443.153	3.572.721
Letters of Guarantees Given to Customs Offices	1.527.165	1.519.782
Other Letters of Guarantees	8.433.105	8.046.722
Total	105.486.753	103.715.207

1.3. Explanations on Non-Cash Loans

1.3.1. Total Non-Cash Loans

	Current Period	Prior Period
Non-Cash Loans for Providing Cash Loans	4.542.319	4.173.468
With Original Maturity of One Year or Less	1.616.939	1.752.900
With Original Maturity of More than One Year	2.925.380	2.420.568
Other Non-Cash Loans	131.305.356	127.474.240
Total	135.847.675	131.647.708

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
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SECTION FIVE (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

1. Within The Scope of Interest Income

1.1. Information on Interest Income from Loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans ⁽¹⁾	10.733.399	2.241.095	7.477.432	1.222.903
Short Term Loans	3.484.468	231.859	1.902.665	85.319
Medium and Long Term Loans	7.070.783	2.006.474	5.542.308	1.137.491
Interest on Non-Performing Loans	178.148	2.762	32.459	93
Premiums from Resource Utilization Support Fund	-	-	-	-

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

1.2. Information on Interest Received from the Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	33.736	-	8.967	-
Domestic Banks	150.233	740	64.057	1.751
Foreign Banks	7.547	18.044	2.940	6.307
Foreign Head Office and Branches	-	-	-	-
Total	191.516	18.784	75.964	8.058

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	1.186	1.995	793	130
Financial Assets at Fair Value through Other Comprehensive Income	2.424.222	379.791	1.236.470	242.761
Financial Assets Measured at Amortised Cost	246.182	88.653	59.111	84.711
Total	2.671.590	470.439	1.296.374	327.602

1.4. Information on Interest Income from Subsidiaries and Associates

The Group has no interest income from its subsidiaries and affiliates (31 December 2018: None).

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT (Continued)

2. Within the Scope of Interest Expense

2.1. Information on Interest Expense on Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	80.201	314.419	42.212	220.031
Central Bank of the Republic of Turkey	-	-	1.495	-
Domestic Banks	46.765	58.880	16.154	8.769
Foreign Banks	33.436	255.539	24.563	211.262
Foreign Head Office and Branches	-	-	-	-
Other Institutions	91.772	10.079	19.155	-
Total	171.973	324.498	61.367	220.031

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

2.2 Information on Interest Expenses Given to Subsidiaries and Associates

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	493	453

2.3 Information on Interest Given on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Given on Securities Issued	127.197	159.895	127.602	108.435

2.4 Maturity Structure of the Interest Expense on Deposits

Account Name	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	-	694.602	2.127	368	129	125	-	697.351
Saving Deposit	378	108.276	3.367.320	349.315	146.629	176.300	1.622	4.149.840
Public Sector Deposit	241	187.625	204.007	43.545	104.874	5.794	-	546.086
Commercial Deposit	929	275.838	441.209	32.163	165.667	7.946	-	923.752
Other Deposit	10	48.622	190.274	154.938	49.532	22.359	-	465.735
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	1.558	1.314.963	4.204.937	580.329	466.831	212.524	1.622	6.782.764
FC								
Foreign Currency Deposit	662	76.057	344.501	40.734	42.864	128.069	-	632.887
Bank Deposit	7	47.318	4.323	1.972	2.610	2.231	-	58.461
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	1.735	1.894	208	107	144	-	4.088
Total	669	125.110	350.718	42.914	45.581	130.444	-	695.436
Grand Total	2.227	1.440.073	4.555.655	623.243	512.412	342.968	1.622	7.478.200

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT (Continued)

3. Information on Trading Profit/Loss (Net)

	Current Period	Prior Period
Profit	23.669.916	12.381.512
Foreign Exchange Gains	22.096.095	11.730.804
Profit on Derivative Financial Instruments	1.567.920	647.326
Profit from the Capital Market Transactions	5.901	3.382
Loss (-)	25.079.985	12.945.925
Foreign Exchange Loss	21.848.405	11.850.479
Loss on Derivative Financial Instruments	3.227.354	1.094.174
Loss from the Capital Market Transactions	4.226	1.272

4. Information on Other Operating Income

Of the Bank’s other operating income consists of reversals from prior period provisions amounting to TL 455,122, income from sales of assets amounting to TL 18.590 and revenue from insurance transactions of amount to TL 633.609. (31 March 2018: Of the Bank’s other operating income consists of reversals from prior period provisions amounting to TL 396.783, income from sales of assets amounting to TL, 47.944 and revenue from insurance transactions of amount to TL 577.778.

5. Provision for Impairment on Loans and Other Receivables of Banks

Expected Loss Provisions According to TFRS 9

	Current Period	Prior Period
Expected Credit Loss Provisions	1.220.725	1.078.129
12 month expected credit loss (stage 1)	104.789	26.091
Significant increase in credit risk (stage 2)	264.932	153.202
Non-performing loans (stage 3)	851.004	898.836
Marketable Securities Impairment Expense	540	10.359
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	540	10.359
Subsidiaries, Associates and Entities under Common Control Provision Expenses for Impairment	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	-	3.060
Total	1.221.265	1.091.548

⁽¹⁾ “Marketable Securities Impairment Expenses” are presented under “Other Provision Expenses” line at current period income statement

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT (Current Period) (Continued)

6. Information on Other Operating Expenses

	Current Period	Prior Period
Reserve for Employee Termination Benefits ⁽³⁾	49.930	39.781
Bank Social Aid Provision Fund Deficit Provision	-	-
Tangible Fixed Assets Impairment Expense	-	101
Depreciation Expenses of Tangible Fixed Assets	103.818	60.139
Intangible Assets Impairment Expense	678	167
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	35.003	14.893
Impairment Expense for Equity Shares Subject to the Equity Method	-	-
Impairment Expense for Investment Securities that will be Disposed	-	-
Amortization Expenses of Investment Securities that will be Disposed	-	-
Impairment Expense for Property, Plant and Equipment Held for Sale and Discontinuing Operations	-	-
Other Operating Expenses	924.647	802.460
Lease Expenses Related to TFRS 16 Exemptions ⁽²⁾	43.220	76.684
Maintenance Expenses	24.537	18.609
Advertisement Expenses	49.721	36.337
Other Expenses	807.169	670.830
Loss on Sales of Assets	476	117
Other ⁽¹⁾⁽³⁾	906.442	628.512
Total	2.020.994	1.546.170

⁽¹⁾ TL 224.579 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 199.775 consists of taxes, duties and charges expense 31 March 2018: TL 151.713 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 155.837 consists of taxes, duties and charges expense)

⁽²⁾ This table also includes “Personnel Expenses” which is not in the “Other operating expenses”, but is a separate item.

⁽³⁾ “Employment Termination Provision” and “Short Term Employee Benefits Provision” expenses are presented under “Other Provision Expenses” line at current period income statement.

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

The Group 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	5.559.788	5.015.341
Net Fees and Commissions Income	821.681	616.947
Other Operating Income	1.260.658	1.157.403
Dividend Income	10.072	2.038
Trading Income/Expense (Net)	(1.410.069)	(564.413)
Personnel Expenses	933.667	764.480
Expected Loss Provisions (-)	1.220.725	1.078.129
Other Provision Expenses (-)	206.710	134.353
Other Operating Expenses (-)	1.816.899	1.425.236
Income / Loss from Subsidiaries Consolidated with Equity Pick-up	13.180	6.788
Profit / (Loss) From Continuing Operations	2.077.309	2.831.906

8. Information on Tax Provision for Continuing and Discontinuing Operations

As of 31 March 2019, TL 451.116 of the Bank’s total tax provision expense consists of amounting to TL 622.041 current tax expense while remaining balances amounting to TL 170.925 consists of deferred tax income. (31 March 2018, TL 620.630 of the Bank’s total tax provision expense consists of amounting to TL 795.975 current tax expense while remaining balances amounting to TL 175.345 consists of deferred tax income.)

9. Explanation on Net Income/Loss for the Period for Continued and Discontinued Operations

The Group’s net operating income after tax amounts to TL 1.626.193 (31 March 2018: TL 2.211.276 TL).

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2019
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT (Current Period) (Continued)

10. Information on Net Profit/Loss

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

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

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

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

11. If Other Items in the Income Statement Exceed 10% of the Income 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 Income Statement mainly consists of commissions received from credit card and fees and commissions received from banking transactions.

V. EXPLANATIONS AND NOTES TO THE RISK GROUP OF THE PARENT BANK

1. Information on the Deposits of the Parent Bank's Risk Group

Current Period

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Opening Balance	-	45.815	-	-	-	648.530
Closing Balance	-	48.821	-	-	-	648.962
Interest and Commissions Income	-	-	-	-	-	-

Prior Period

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Opening Balance	-	37.252	-	-	-	78.923
Closing Balance	-	45.815	-	-	-	648.530
Interest and Commissions Income ⁽¹⁾	-	-	-	-	-	-

⁽¹⁾ Represent the amount of interest and commissions income as of 31 March 2018.

2. Deposits Held By The Bank's Risk Group

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Opening Balance	27.657	26.398	-	-	13.974	17.708
Closing Balance	29.070	27.657	-	-	441.531	13.974
Interest Expense on Deposits	493	453	-	-	6.982	1.723

⁽¹⁾ The prior period balance of the deposit interest expense represents the amount at 31 March 2018.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE TÜRKiYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. EXPLANATIONS AND NOTES TO THE RISK GROUP OF THE PARENT BANK

3. Information on Forward Transactions, Option Agreements and Similar Transactions Between the Bank’s Risk Group

None. (31 December 2018:None).

4. Information about Fees Paid to the Bank’s Key Management

Fees paid to the Bank’s key management amount to TL 7.588 (31 March 2018: TL 6.461).

VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

Within the scope of existing GMTN Programme, with effective date of 24 April 2019, the Bank made an issuance of debt instrument, that has indefinite term, can be retired at the end of the 5 years, has fixed interest rate, annual interest payment and Euro 1.400.000 thousands par value, and will be included in Additional Tier I capital, which is within the limits of authority to issue debt instruments to be included in equity calculation. Mentioned issuance is allotted for TWF Market Stability and Balance Fund which is a sub-fund of Turkey Wealth Fund (TWF), and coupon rate of the note is 5,076%. The Bank provided a subordinated loan amounting to Euro 100.000 in the form of additional and non-profit additional capital with the Denge Altı Fonu from BRSA dated 22 April 2019.

SECTION SIX

EXPLANATIONS ON AUDITORS’ REVIEW REPORT

I. EXPLANATIONS ON AUDITORS’ REVIEW REPORT

As of 31 March 2019, consolidated financial statements and explanatory notes of the Bank disclosed herein were reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member firm of KPMG International Cooperative, a Swiss entity) and Auditors’ Review Report dated 24 May 2019 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

SECTION SEVEN

EXPLANATIONS ON INTERIM ACTIVITY REPORT

I. Chairman’s Assessment

The first quarter of 2019 was a period when the slowdown in the global growth continued and trade wars were on the agenda. USA-China trade talks and uncertainties relating the Brexit process continued to be effective on the global markets in the first quarter.

It is seen that clarification of the road map for at least 2019 by the leading central banks has contributed easing of the uncertainties in the monetary policies in the medium term. The European and US Central Banks who changed their guidance announced that they will not make any interest rate hikes. The ECB, considering the weakening growth of the zone has started new liquidity facilities to support the real sector. The FED has announced that they are planning to end the balance sheet reduction in September.

Although the loss of acceleration in the Euro Zone economies has continued in the first quarter of 2019, some data indicating that the slowdown in the Chinese economy has decelerated avoid the deepening of the concerns and increases the perception that the global economic activity will not be slowing down as fast as predicted in the beginning of the year. These developments show that the central banks of the developed and emerging countries will continue watching the course of economic data carefully with the strategy of wait and see.

It’s been observed that the balancing process in the Turkish economy continued in the first quarter of 2019, as foreseen. CBRT continued its tight monetary policy. During the period, while inflation displayed horizontally in line with the foresight, a partial increase in unemployment rate has been observed with the slowdown in the economic activity. Current account deficit decreased to the 9 year low by continuing to improve and provided room to improve our risk premium.

The banking sector, led by the state banks, continued to increase its loans and support the real sector. Ziraat Bankası, with the responsibility of being the leader of the sector continued to increase its loans faster than the sector both in TL and total to provide more support to our economy. Ziraat Bankası, being the moral bank of our country, has provided fast and convenient solutions to the financing needs of especially SMEs and the individuals. While providing this contribution, it collected deposit at home as a market maker without creating any pressure in the deposit market and also continued to provide funding from abroad.

Ziraat Bankası, will continue to provide financial services to our country in the best and most convenient way, with its widespread domestic and international service network and customer focused business model and employees.

Dr. Ahmet GENÇ

Chairman of the Board

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

II. Assessment of General Manager

In the first quarter of 2019, total assets increased by 8% to TL 612 billion, while our cash loans increased by 8% to exceed TL 400 billion. The Bank maintains its leading position in cash and non-cash loans through high pace of loan growth in the first quarter of the year. The size of the total loans exceeded half trillion TL that comprise 70% of the assets.

In 2019, we pertinaciously continue to carry out our activities to meet the financing needs of the retail clients and real sector especially the SMEs which have difficulties in accessing finance. In the first quarter of 2019, 31% of the sector's TL loan increase and 22% of the total loan growth was realized by Ziraat Bank. Also about 70% of the increase in general purpose loans was provided by Ziraat Bank. The market share of Ziraat Bank in the housing loans is more than 25%.

With the “SME Value Loan” products we designed for SMEs, we extended TL 6.4 billion to more than 24 thousand SMEs in the first quarter of 2019.

Agricultural sector and its finance have a strategic importance for Ziraat Bank. In addition to activities we carry on towards financing basic agricultural production, we continue with our efforts to be the efficient bank in whole agro value chain, from the farm to the table, and to develop financial products in order to achieve integration between agriculture and industry. In case we use our agricultural production potential more efficiently, we think that we can become a more important and efficient agricultural country than today and that we can increase the revenue obtained from agricultural product trade to higher amounts.

While maintaining high market share in agricultural sector, we also continue with our efforts to increase the contribution of agriculture into the overall economy. In this context, in order to develop the greenhouse activities and to increase awareness, we have presented our greenhouse loan product to our customers. Through this product, we aim to spread the greenhouse cultivation activities that are concentrated in a specific geographical area to the country’s surface where it can be done technically and economically, especially in the places where geothermal energy sources are located. We are continuing our trainings at the Young Farmers Academy, which we started last year with an aim to increase interest of the youth in agricultural production.

In order to balance the indebtedness levels of households and to make their financial structures more sound, we have extended loan exceeding TL 2.7 billion to around 250 thousand customers through our “Combining Consumer Loan” product, which enables us to restructure credit card debts of the Bank or other bank customers in accordance with their income. This product also contributed to increase the market share of our credit card brand, Bankkart Combo.

“Bankkart Başak” product was introduced to our customers for the use of Bankkart Combo in the commercial area, where we have combined debit card and credit card in one card for the use of our retail customers.

With the “Company Contribution Housing Loan” product which aims the sale of first hand houses of companies actively working with our Bank, to our customers who have housing demand, financing has been provided under favourable conditions and the cash flow of the firms have been realized.

We continue to provide funding by maintaining our widespread structure without creating any pressure on interest rates in the deposit market. We are also trying to contribute to increase savings with new products in the deposit market. In this context, “Inflation Indexed-Interest Protected Time Deposit Account” and “Inflation Protected Deposit Account” products have been designed in order to expand our deposit base, to meet customer needs more efficiently and to provide additional return on inflation and protection against inflation. The main objective of these products is to ensure the relative reduction of dollarization, to encourage savings in the form of national currency and to support development of deposits, which are as important as credit.

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

II. Assessment of General Manager (Continued)

Other than deposits we continue to provide non-deposit funding from domestic markets and abroad. We have rolled our syndicated loan facility of USD 1.4 billion maturing in April with the participation of 40 banks from 22 countries.

As a result of the business model that we improve continuously, Ziraat Bank has been selected as Turkey’s most valuable brand in the Brand Finance’s ‘World’s 500 Most Valuable Bank Brand - 2019 research. We share this pride with our customers.

As the Bank with the most widespread branch network, while we continue to develop our customer-oriented branch concept, we also keep on investing in digital banking. The number of digital banking customers exceeds 11 million. The number of customers using internet banking actively increased to 1.8 million and the number of mobile banking users reached 7 million.

We continue our efforts to supply our financial services in an integrated structure with our domestic and overseas subsidiaries and branches and to increase our service quality. We will continue to grow and develop in a healthy way so as to make Ziraat Bank, which is the most valuable bank brand in Turkey, not a bank but the most valuable finance group brand beyond the borders of the country in the close geography

Hüseyin AYDIN

Member of the Board and CEO

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

III. Corporate Profile

Ziraat Bank uses its strong position to effect its performance with the growth potential provided by financial markets and to perform the best practices in workflows.

Ziraat Bank has made great breakthroughs in 155 years, it has created high added value for society and has reached the status of the leading bank.

Turkey's oldest and most powerful bank, Ziraat Bank began its operations in 1863. Nowadays, started from the date of its foundation, the Bank has been on the side of individuals from all levels of society, institutions and organizations from all sectors and transferred sources to them. Ever since the Bank has been the driving force of the economic development

Ziraat Bank has rich product and service diversity, long-term knowledge and experience, competent human resources and a strong financial structure.

The Bank continues to shape the Turkish banking sector with its excellent service delivery scale, growth power and growth potential.

Ziraat Bank, on its strategy to become a global player, also gain a prestigious position in international banking sector in where the Bank performed hard work by following the sector closely. Operating in 18 countries around the world, the Bank has a large international network with 9 international subsidiary banks, 23 abroad branches and 1 representative office.

IV. Shareholding Structure

The paid in capital of The Parent Bank is TL 6.100.000.000. The Bank's sole shareholder is Turkish Wealth Fund.

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE
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(Unless otherwise stated amounts in Section Seven are expressed in Turkish Lira (“TL”))

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

V. Main Financial Indicators

ASSETS (TL Million)	31 March 2019	31 December 2018
Cash and Cash Equivalents	58.050	52.215
Securities Portfolio *	95.552	90.206
Cash Loans **	426.973	395.773
Other Assets	30.943	30.193
Total Assets	611.518	568.387
LIABILITIES (TL Million)	31 March 2019	31 December 2018
Deposits	406.268	354.375
Non-deposits Resources	113.719	120.396
Other Liabilities	32.433	33.487
Shareholders' Equity	59.098	60.129
Total Liabilities	611.518	568.387
INCOME-EXPENSES (TL Million)	31 March 2019	31 March 2018
Interest Income	16.645	10.629
Interest Expense	11.085	5.613
Net Interest Income	5.560	5.015
Net Fees and Commission Income	822	617
Other Operations Income	1.261	1.157
Other Operations Expense	1.817	1.425
Allowance for expected credit losses	1.221	1.078
Provision for Losses on Loans Or Other Receivables	2.077	2.832
Income Before Taxes From Continuing Operations	451	621
Net Profit/Losses	1.626	2.211
RATIOS (%)	31 March 2019	31 December 2018
Capital Adequacy Ratio	12,84	14,23
Equity / Total Assets	9,7	10,6
Cash Loans / Total Assets	69,8	69,6
Non-performing Loans (Gross) / Total Loans	2,1	2,2
Demand Deposits/ Total Deposits	24,8	25,6
FC Assets / FC Liabilities	82,2	92,1
Liquid Assets / Total Assets	9,5	9,2

(*) Securities borrowed by the Bank are not included.

(**) Non Performing Loans and Allowance for expected credit losses are not included.

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

VI. Economic Outlook in the World and Turkey

The first quarter of 2019 was a period of ongoing simultaneous slow-down in developed and developing economies along with increasing positive expectations about USA-China trade negotiations resulting in an agreement. In line with increasing concerns about slowing global economy, it has been observed that prominent developed economy central banks may temporarily cease monetary tightening.

At the beginning of 2019, USA data on economic activities have been of a mixed nature. The fact that the USA economy has been growing nine years in a row which points to the longest growth cycle in its history brings to mind the possibility that this cycle may change to a downward trend after this point. Thus, even though the USA yield curve turned negative during the first quarter; expansionist stance of central banks and expectations that the tension between Washington and Beijing will be relieved supported global risk appetite. In accordance with leading indicators which pointed out that the slowdown in global economy is still going on, FED declared that the interest rates will not be changed this year. FED is observed to stay patient when it comes to interest rates and it plans to end the process of shrinking its balance sheet by the end of September.

Growth performance of developing economies during the first quarter of 2019 has been especially shaped by the Eurozone slowdown. Along with the slowdown in the region becoming more apparent, ECB delayed the date for its first possible interest rate hike since 2011 to 2020. Germany was affected by the global economic slowdown and realised its weakest growth rate in the last five years. Italy which had a budget crisis with the EU in 2018 has entered into recession as well. The Euro Zone`s PMI data shows that the mild economic slowdown in the region is still continuing at the beginning of the second quarter of 2019 which is perceived as an indicator that shows the slowdown may go on for longer than expected. Uncertainty in the custom tariffs between USA and EU countries, high indebtedness in the region, uncertainty of the Brexit process and recent protests in France are some of the developments which strongly affected the European economy in the last quarter. Observing the loss of momentum in the region, ECB also initiated the TLTRO (long term refinancing operations) which provides long term, cheap funding. Uncertainty in Brexit continued during the first quarter and Brexit is delayed to 31 October 2019. In light of these developments, it can be predicted that ECB is going to continue its strong support for the economy and delay the process of normalization of its monetary policy.

Despite the ongoing slowdown in Euro Zone, expectations that the USA-China trade negotiations are going to result in positive outcome and the partial recovery led by Chinese officials in the Chinese economy have been noteworthy. China PMI data which shows that the economic slowdown in the second largest economy of the world can be contained, indicates that the worst is behind for the global economy which is expected to simultaneously slow down this year. It is also important to note that the People`s Bank of China is generally expected to continue its cautious monetary policy despite the positive changes seen in China`s economy during the first quarter of 2019 which indicates a continuation of monetary policies aimed at supporting emerging markets in the mid-term. Despite lower demand and expectations for a slower global economy, oil prices rose nearly 30% due to geopolitical risks and tighter oil supply. This situation enables a positive deviation for commodity exporting countries.

Because of the tighter financial conditions` effect on domestic demand and investments in 2018, Turkish economy slowed down compared to 2017 and grew 2,6%. As for the first quarter of 2019, leading indicators point out that the worst is behind us. Even though its contribution is less compared to last year, net exports will keep on limiting the slowdown in economic growth caused by falling domestic demand.

In line with CBRT`s tight stance, inflation rate stayed flat and core inflation rate improved with the contribution of weak demand conditions.

Government announced the new roadmap of the economy through the New Economic Programme Structural Transformation Steps. The programme contains a series of reforms such as supporting the financial sector to supply export and manufacturing focused lending, national unity in agriculture project which aims to fight against inflation and gradual decrease of corporate taxes.

The downward trend in CAD has continued during the first quarter of 2019. Net gold imports were weaker compared to last year which contributed to the decrease in CAD. Rising oil prices, on the other hand, partially limited the improvement in CAD. Despite that, it is expected that CAD will keep shrinking during the first half of 2019 and with the increasing tourism revenues from the month of May and on will make it possible for CAD to recede to single digit levels.

Even though expenditure based increases are observed in the budget balance during the first quarter, government who, with the help of the strong support of other income, were able to achieve the budget deficit/GDP target in 2018 are expected to keep the fiscal discipline through cost cutting and income supporting policies in the rest of 2019 as well.