

**TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI
ANONİM ŞİRKETİ**

**CONSOLIDATED FINANCIAL STATEMENTS
AND RELATED DISCLOSURES AS OF 30 SEPTEMBER 2023
WITH AUDITORS' REVIEW REPORT
(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
ORIGINALLY ISSUED IN TURKISH)**



AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the consolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi (“the Bank”) and its consolidated subsidiaries (collectively referred to as “the Group”) at 30 September 2023 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders’ equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the nine-month period then ended. The Group management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Legislation which includes “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

Scope of Review

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

Basis for the Qualified Conclusion

As explained in Section Five Part II. 9.3 of Explanations and Notes to the Consolidated Financial Statements; the accompanying consolidated financial statements as at 30 September 2023 include a free provision amounting to TL 17.704.000 thousand which consist of TL 29.304.000 thousand provided in prior periods, TL 11.600.000 thousand reversed in the current period by the Group management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.



Qualified Conclusion

Based on our review, except for the effects of the matter on the consolidated financial statements described in the basis for the qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial information do not present fairly in all material respects the consolidated financial position of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi and its consolidated subsidiaries at 30 September 2023 and the results of its consolidated operations and its consolidated cash flows for the nine-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

Additional Paragraph for Convenience Translation:

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 30 September 2023. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position, results of operations, changes in equity and cash flows of the Group in accordance with IFRS.

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

Didem Demer Kaya, SMMM
Partner

Istanbul, 10 November 2023



**THE CONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 30 SEPTEMBER 2023**

The Bank's Headquarter Address: Finanskent Mahallesi Finans Caddesi
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The consolidated financial report for the nine-month period includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Policies and Disclosures to be Publicly Announced" as regulated by the Banking Regulation and Supervision Agency, is consist of the section listed below.

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

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

DOMESTIC SUBSIDIARIES

Ziraat Yatırım Menkul Değerler A.Ş.
Ziraat Portföy Yönetimi A.Ş.
Ziraat Katılım Bankası A.Ş.
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.
Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.
Ziraat Dinamik Banka A.Ş.
Ziraat Finansal Teknolojiler Elektronik Para ve Ödeme Hizmetleri A.Ş.

FOREIGN SUBSIDIARIES

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

ASSOCIATES

Arap Türk Bankası A.Ş.
Birleşim Varlık Yönetim A.Ş.

ENTITIES UNDER COMMON CONTROL

Turkmen Turkish Joint Stock Commercial Bank

In addition, Ziraat DPR Finance Company, which is a "Structured Entity", although not a subsidiary of our Bank, is included in the consolidation.

The accompanying consolidated financial statements and notes to these financial statements for the nine-month period 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.

Burhaneddin TANYERİ
Chairman of the Board

Alpaslan ÇAKAR
Member of the Board,
CEO

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

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

Süleyman YALÇIN
Assistant General Manager for
Financial Coordination

Rehber BİRKAN
President of
Financial
Coordination and Reporting

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

Name/Title : Menşure BEŞKAYA / Financial Statements Manager
Telephone Number : 0216 590 59 24

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2023

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

SECTION ONE

GENERAL INFORMATION ABOUT THE PARENT BANK

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

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

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 PARENT BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THE PARENT BANK BELONGS TO

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

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

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

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

(*) They were appointed at the Bank’s Ordinary General Assembly meeting held on 02 August 2023 and started their duties as of 08 August 2023. Deputy General Manager Recep TÜRK resigned on 11 August 2023 and resigned from his position.

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.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2023

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

GENERAL INFORMATION ABOUT THE PARENT BANK (Continued)

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

Name/Trade Name	Amount of Share	Percentage of Share (%)	Paid-in Shares	Unpaid Shares
Türkiye Wealth Fund	84.600.000	100	84.600.000	-

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

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

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

As of 30 September 2023, the Parent Bank has 1.744 domestic branches (31 December 2022: 1.733 domestic branches), London branch abroad in England, Baghdad and Erbil branches in Iraq, Athens, Komotini and Xanthi branches in Greece, Sofia, Plovdiv, Kardzhali, Varna and Burgas branches in Bulgaria, Jeddah branch in Saudi Arabia, Pristina, Prizren, Peja and Ferizaj branches in Kosovo, Bahrain branch in Bahrain, Lefkoşa, Girne, Güzelyurt, Gazimağusa, Gönyeli, Taşkinköy, Karaoğlanoğlu and İskele branches in Turkish Republic of Northern Cyprus, with a total of 25 branches and a general total of 1.769 branches (31 Aralık 2022: 1.758).

The Parent Bank and the consolidated subsidiaries in Note III of Section Three are referred to ‘Group’.

As of 30 September 2023, the Group has 29.647 employees (31 December 2022: 27.794).

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2023

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

GENERAL INFORMATION ABOUT THE PARENT BANK (Continued)

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

According to Communiqué regarding the Preparation of the Consolidated Financial Statements and Turkish Accounting Standards, Arap Türk Bankası A.Ş. and Birleşim Varlık Yönetim A.Ş. are among the associates of the Parent Bank, and Turkmen Turkish Joint Stock Commercial Bank, entity under common control of the Parent Bank, is accounted by using equity method in the consolidated financial statements of the Parent Bank.

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

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

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

None.

SECTION TWO

Consolidated Financial Statements

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- VII. Consolidated Statement of Cash Flows

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 30 SEPTEMBER 2023

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

I-CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Note (Section Five I)	Current Period 30 September 2023			Prior Period 31 December 2022		
			TL	FC	Total	TL	FC	Total
I.	FINANCIAL ASSETS (NET)		465.499.757	759.332.587	1.224.832.344	259.914.301	639.391.596	899.305.897
1.1	Cash and Cash Equivalents		191.213.087	413.465.245	604.678.332	41.328.380	397.543.289	438.871.669
1.1.1	Cash and Balances with Central Bank	(1)	185.833.113	356.814.787	542.647.900	34.559.591	369.418.501	403.978.092
1.1.2	Banks	(4)	1.419.710	56.677.854	58.097.564	511.944	28.145.159	28.657.103
1.1.3	Money Market Receivables		3.980.223	-	3.980.223	6.283.112	-	6.283.112
1.1.4	Expected Loss Provision (-)		19.959	27.396	47.355	26.267	20.371	46.638
1.2	Financial Assets at Fair Value Through Profit or Loss	(2)	10.636.463	47.106.169	57.742.632	4.933.872	31.141.244	36.075.116
1.2.1	Government Debt Securities		235.424	44.600.585	44.836.009	218.920	29.826.133	30.045.053
1.2.2	Equity Instruments		126.728	-	126.728	98.791	-	98.791
1.2.3	Other Financial Assets		10.274.311	2.505.584	12.779.895	4.616.161	1.315.111	5.931.272
1.3	Financial Assets at Fair Value Through Other Comprehensive Income	(5),(6)	256.518.675	295.895.590	552.414.265	210.384.316	205.114.691	415.499.007
1.3.1	Government Debt Securities		254.857.257	294.002.441	548.859.698	208.910.220	203.834.751	412.744.971
1.3.2	Equity Instruments		1.122.080	70.463	1.192.543	939.832	47.378	987.210
1.3.3	Other Financial Assets		539.338	1.822.686	2.362.024	534.264	1.232.562	1.766.826
1.4	Derivative Financial Assets	(3)	7.131.532	2.865.583	9.997.115	3.267.733	5.592.372	8.860.105
1.4.1	Derivative Financial Assets at Fair Value Through Profit or Loss		7.131.532	2.865.583	9.997.115	3.267.733	5.592.372	8.860.105
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		1.719.976.457	697.772.078	2.417.748.535	1.080.608.782	477.418.820	1.558.027.602
2.1	Loans	(7)	1.464.089.887	653.501.450	2.117.591.337	998.852.227	426.895.470	1.425.747.697
2.2	Lease Receivables	(12)	39.710.905	9.587.225	49.298.130	14.356.192	6.895.929	21.252.121
2.3	Factoring Receivables		-	-	-	-	-	-
2.4	Other Financial Assets Measured at Amortized Cost	(8)	251.265.204	70.172.853	321.438.057	117.627.313	47.795.772	165.423.085
2.4.1	Government Debt Securities		248.082.012	68.967.432	317.049.444	114.479.629	46.764.524	161.244.153
2.4.2	Other Financial Assets		3.183.192	1.205.421	4.388.613	3.147.684	1.031.248	4.178.932
2.5	Expected Credit Loss (-)		35.089.539	35.489.450	70.578.989	50.226.950	4.168.351	54.395.301
III.	NON-CURRENT ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "HELD FROM DISCONTINUED OPERATIONS (Net)	(15)	6.854.295	96.574	6.950.869	7.128.510	53.971	7.182.481
3.1	Held for Sale Purpose		6.854.295	96.574	6.950.869	7.128.510	53.971	7.182.481
3.2	Held from Discontinued Operations		-	-	-	-	-	-
IV.	EQUITY INVESTMENTS		2.523.345	980.902	3.504.247	2.420.808	899.078	3.319.886
4.1	Investments in Associates (Net)	(9)	939.890	4.307	944.197	690.784	2.971	693.755
4.1.1	Associates Valued Based on Equity Method		394.499	-	394.499	282.763	-	282.763
4.1.2	Unconsolidated Associates		545.391	4.307	549.698	408.021	2.971	410.992
4.2	Subsidiaries (Net)	(10)	1.583.455	30.806	1.614.261	1.503.959	21.933	1.525.892
4.2.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Subsidiaries		1.583.455	30.806	1.614.261	1.503.959	21.933	1.525.892
4.3	Entities under Common Control (Joint Ventures) (Net)	(11)	-	945.789	945.789	226.065	874.174	1.100.239
4.3.1	Joint Ventures Valued Based on Equity Method		-	945.789	945.789	226.065	874.174	1.100.239
4.3.2	Unconsolidated Joint Ventures		-	-	-	-	-	-
V.	PROPERTY AND EQUIPMENT (Net)	(16)	41.611.281	3.738.963	45.350.244	35.134.714	1.700.414	36.835.128
VI.	INTANGIBLE ASSETS (Net)		3.600.344	279.482	3.879.826	2.576.920	189.462	2.766.382
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		3.600.344	279.482	3.879.826	2.576.920	189.462	2.766.382
VII.	INVESTMENT PROPERTY (Net)	(14)	817.019	-	817.019	775.075	-	775.075
VIII.	CURRENT TAX ASSET		6.481	38.901	45.382	2.637	-	2.637
IX.	DEFERRED TAX ASSET	(20)	11.863.219	13.211	11.876.430	5.925.700	2.387	5.928.087
X.	OTHER ASSETS (Net)	(21)	49.661.640	4.978.383	54.640.023	33.544.569	5.434.369	38.978.938
TOTAL ASSETS			2.302.413.838	1.467.231.081	3.769.644.919	1.428.032.016	1.125.090.097	2.553.122.113

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 30 SEPTEMBER 2023

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

II- CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Note (Section Five II)	Current Period 30 September 2023			Prior Period 31 December 2022		
			TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(1)	1.700.163.362	1.227.929.198	2.928.092.560	1.022.611.831	917.697.241	1.940.309.072
II.	FUNDS BORROWED	(3)	1.138.086	144.577.550	145.715.636	10.585.299	104.826.734	115.412.033
III.	MONEY MARKETS BORROWINGS	(4)	47.817.012	90.396.125	138.213.137	21.081.863	71.536.825	92.618.688
IV.	SECURITIES ISSUED (Net)	(5)	4.523.786	38.069.168	42.592.954	5.043.347	26.762.609	31.805.956
4.1	Bills		-	973.467	973.467	-	644.547	644.547
4.2	Asset Backed Securities		4.233.912	-	4.233.912	4.394.241	-	4.394.241
4.3	Bonds		289.874	37.095.701	37.385.575	649.106	26.118.062	26.767.168
V.	FUNDS		26.106	-	26.106	34.703	-	34.703
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		26.106	-	26.106	34.703	-	34.703
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES	(2)	178.948	7.594.622	7.773.570	230.714	2.928.846	3.159.560
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		178.948	7.594.622	7.773.570	230.714	2.928.846	3.159.560
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII.	FACTORING LIABILITIES		-	-	-	-	-	-
IX.	LEASE LIABILITIES (Net)	(7)	4.971.351	197.978	5.169.329	1.708.872	141.207	1.850.079
X.	PROVISIONS	(9)	34.000.895	7.330.808	41.331.703	50.350.077	789.053	51.139.130
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		7.513.226	27.303	7.540.529	6.913.761	19.662	6.933.423
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		26.487.669	7.303.505	33.791.174	43.436.316	769.391	44.205.707
XI.	CURRENT TAX LIABILITY	(10)	20.826.703	76.554	20.903.257	9.488.172	68.321	9.556.493
XII.	DEFERRED TAX LIABILITY	(10)	2.143	15.346	17.489	279.620	22.178	301.798
XIII.	LIABILITIES RELATED TO NON-CURRENT ASSETS “HELD FOR SALE” AND “HELD FROM DISCONTINUED OPERATIONS” (Net)	(11)	-	-	-	-	-	-
13.1	Held for Sale Purpose		-	-	-	-	-	-
13.2	Held from Discontinued Operations		-	-	-	-	-	-
XIV.	SUBORDINATED DEBT INSTRUMENTS	(12)	-	44.973.592	44.973.592	-	31.546.716	31.546.716
14.1	Loans		-	3.885.657	3.885.657	-	2.597.654	2.597.654
14.2	Other Debt Instruments		-	41.087.935	41.087.935	-	28.949.062	28.949.062
XV.	OTHER LIABILITIES	(6)	68.338.604	12.244.006	80.582.610	47.989.401	13.316.734	61.306.135
XVI.	SHAREHOLDERS' EQUITY	(13)	336.610.328	(22.357.352)	314.252.976	230.967.047	(16.885.297)	214.081.750
16.1	Paid-in capital		84.600.000	-	84.600.000	34.900.000	-	34.900.000
16.2	Capital Reserves		-	-	-	-	-	-
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		-	-	-	-	-	-
16.3	Accumulated Other Comprehensive Income or Expense Not Reclassified Through Profit or Loss		18.991.399	1.199.645	20.191.044	23.287.460	710.470	23.997.930
16.4	Accumulated Other Comprehensive Income or Expense Reclassified Through Profit or Loss		47.126.010	(27.083.539)	20.042.471	49.275.364	(19.920.751)	29.354.613
16.5	Profit Reserves		118.872.011	3.526.542	122.398.553	72.407.679	2.324.984	74.732.663
16.5.1	Legal Reserves		8.261.347	192.549	8.453.896	5.980.365	101.455	6.081.820
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		110.403.634	99.944	110.503.578	66.219.530	91.651	66.311.181
16.5.4	Other Profit Reserves		207.030	3.234.049	3.441.079	207.784	2.131.878	2.339.662
16.6	Profit or (Loss)		63.139.549	-	63.139.549	47.416.520	-	47.416.520
16.6.1	Prior Periods' Profit or (Loss)		1.415.896	-	1.415.896	954.399	-	954.399
16.6.2	Current Period Profit or (Loss)		61.723.653	-	61.723.653	46.462.121	-	46.462.121
16.7	Minority Interest		3.881.359	-	3.881.359	3.680.024	-	3.680.024
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			2.218.597.324	1.551.047.595	3.769.644.919	1.400.370.946	1.152.751.167	2.553.122.113

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AS OF 30 SEPTEMBER 2023

(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 30 September 2023			Prior Period 31 December 2022		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		960.271.203	1.495.123.447	2.455.394.650	471.798.516	986.564.940	1.458.363.456
I. GUARANTEES AND WARRANTIES	(1)	287.395.609	469.477.817	756.873.426	160.834.936	300.894.991	461.729.927
1.1 Letters of Guarantee		238.480.975	360.456.625	598.937.600	144.309.592	216.165.034	360.474.626
1.1.1 Guarantees Subject to State Tender Law		5.610.771	83.253.127	88.863.898	4.023.376	39.196.533	43.219.909
1.1.2 Guarantees Given for Foreign Trade Operations		185.338.507	225.989.041	411.327.548	112.910.266	134.083.385	246.993.651
1.1.3 Other Letters of Guarantee		47.531.697	51.214.457	98.746.154	27.375.950	42.885.116	70.261.066
1.2 Bank Acceptances		1.393.391	10.931.005	12.324.396	1.808.014	10.470.395	12.278.409
1.2.1 Import Letter of Acceptance		1.393.391	10.902.950	12.296.341	1.808.014	10.451.684	12.259.698
1.2.2 Other Bank Acceptances		-	28.055	28.055	-	18.711	18.711
1.3 Letters of Credit		323.736	96.806.679	97.130.415	1.447.753	71.665.733	73.113.486
1.3.1 Documentary Letters of Credit		323.736	96.359.147	96.682.883	1.447.753	71.174.892	72.622.645
1.3.2 Other Letters of Credit		-	447.532	447.532	-	490.841	490.841
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		47.129.638	506.625	47.636.263	12.912.019	1.429.664	14.341.683
1.5.1 Endorsements to the Central Bank of Türkiye		47.129.638	506.625	47.636.263	12.912.019	1.429.664	14.341.683
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		64.704	776.883	841.587	340.558	1.164.165	1.504.723
1.9 Other Collaterals		3.165	-	3.165	17.000	-	17.000
II. COMMITMENTS	(1)	489.622.855	188.269.998	677.892.853	201.093.905	61.500.957	262.594.862
2.1 Irrevocable Commitments		489.622.855	133.880.118	623.502.973	201.093.905	28.961.039	230.054.944
2.1.1 Asset Purchase Commitments		72.863.212	122.871.025	195.734.237	16.547.842	23.293.657	39.841.499
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		13.908	-	13.908	150.000	-	150.000
2.1.4 Loan Granting Commitments		79.577.279	132.167	79.709.446	51.521.682	75.904	51.597.586
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques Payments		19.937.814	588	19.938.402	10.866.061	71	10.866.132
2.1.8 Tax and Fund Liabilities from Export Commitments		237.593	-	237.593	95.161	-	95.161
2.1.9 Commitments for Credit Card Limits		282.084.137	171.968	282.256.105	101.406.012	97.165	101.503.177
2.1.10 Commitments for Credit Cards and Banking Services Promotions		257.706	-	257.706	162.830	-	162.830
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		34.651.206	10.704.370	45.355.576	20.344.317	5.494.242	25.838.559
2.2 Revocable Commitments		-	54.389.880	54.389.880	-	32.539.918	32.539.918
2.2.1 Revocable Loan Granting Commitments		-	3.595.830	3.595.830	-	882.400	882.400
2.2.2 Other Revocable Commitments		-	50.794.050	50.794.050	-	31.657.518	31.657.518
III. DERIVATIVE FINANCIAL INSTRUMENTS		183.252.739	837.375.632	1.020.628.371	109.869.675	624.168.992	734.038.667
3.1 Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1 Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2 Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3 Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2 Trading Derivative Financial Instruments		183.252.739	837.375.632	1.020.628.371	109.869.675	624.168.992	734.038.667
3.2.1 Forward Foreign Currency Buy/Sell Transactions		3.077.540	5.428.737	8.506.277	1.079.526	1.245.729	2.325.255
3.2.1.1 Forward Foreign Currency Transactions-Buy		1.542.093	2.714.975	4.257.068	898.509	340.805	1.239.314
3.2.1.2 Forward Foreign Currency Transactions-Sell		1.535.447	2.713.762	4.249.209	181.017	904.924	1.085.941
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		180.175.199	821.956.746	1.002.131.945	105.501.863	610.830.567	716.332.430
3.2.2.1 Foreign Currency Swap-Buy		13.364.024	420.441.654	433.805.678	27.605.856	280.625.767	308.231.623
3.2.2.2 Foreign Currency Swap-Sell		166.661.175	269.358.664	436.019.839	77.616.007	225.101.612	302.717.619
3.2.2.3 Interest Rate Swap-Buy		75.000	66.078.214	66.153.214	140.000	52.551.594	52.691.594
3.2.2.4 Interest Rate Swap-Sell		75.000	66.078.214	66.153.214	140.000	52.551.594	52.691.594
3.2.3 Foreign Currency, Interest rate and Securities Options		-	9.990.149	9.990.149	2.588.463	11.531.741	14.120.204
3.2.3.1 Foreign Currency Options-Buy		-	4.995.074	4.995.074	1.205.579	5.851.074	7.056.653
3.2.3.2 Foreign Currency Options-Sell		-	4.995.075	4.995.075	1.382.884	5.680.667	7.063.551
3.2.3.3 Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4 Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		-	-	-	699.823	560.955	1.260.778
3.2.4.1 Foreign Currency Futures-Buy		-	-	-	-	560.955	560.955
3.2.4.2 Foreign Currency Futures-Sell		-	-	-	699.823	-	699.823
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		5.373.106.401	1.514.502.889	6.887.609.290	3.513.442.747	907.777.186	4.421.219.933
IV. ITEMS HELD IN CUSTODY		717.732.142	315.242.868	1.032.975.010	594.754.521	212.675.066	807.429.587
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		18.153.933	140.071.439	158.225.372	28.657.879	88.904.097	117.561.976
4.3 Cheques Received for Collection		97.963.806	3.344.941	101.308.747	58.723.615	2.968.243	61.691.858
4.4 Commercial Notes Received for Collection		56.248.003	3.606.374	59.854.377	37.674.944	2.242.823	39.917.767
4.5 Other Assets Received for Collection		8.816	-	8.816	8.816	-	8.816
4.6 Assets Received for Public Offering		381.086.812	27.081.647	408.168.459	370.354.780	4.478.652	374.833.432
4.7 Other Items Under Custody		164.269.123	129.808.918	294.078.041	99.332.838	107.880.546	207.213.384
4.8 Custodians		1.649	11.329.549	11.331.198	1.649	6.200.705	6.202.354
V. PLEDGES RECEIVED		4.651.028.306	1.181.021.956	5.832.050.262	2.915.537.538	683.998.138	3.599.535.676
5.1 Marketable Securities		5.638.519	8.325.665	13.964.184	5.557.821	4.013.053	9.570.874
5.2 Guarantee Notes		73.409.967	35.192.805	108.602.772	46.004.677	21.653.334	67.658.011
5.3 Commodity		23.563.173	7.949.046	31.512.219	9.320.955	4.143.695	13.464.650
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		3.891.839.993	735.599.827	4.627.439.820	2.379.209.478	407.462.562	2.786.672.040
5.6 Other Pledged Items		656.571.445	393.855.967	1.050.427.412	475.439.398	246.657.488	722.096.886
5.7 Pledged Items-Depository		5.209	98.646	103.855	5.209	68.006	73.215
VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES		4.345.953	18.238.065	22.584.018	3.150.688	11.103.982	14.254.670
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		6.333.377.604	3.009.626.336	9.343.003.940	3.985.241.263	1.894.342.126	5.879.583.389

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF 30 SEPTEMBER 2023

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

	Note (Section Five IV)	Current Period 1 January- 30 September 2023	Prior Period 1 January- 30 September 2022	Current Period 1 July- 30 September 2023	Prior Period 1 July- 30 September 2022
IV- CONSOLIDATED STATEMENT OF PROFIT OR LOSS					
I. INTEREST INCOME	(1)	286.760.567	164.184.648	137.785.933	68.874.926
1.1 Interest on Loans		175.156.702	95.173.530	76.199.542	37.991.100
1.2 Interest on Reserve Requirements		21.279	525.967	13.683	9.558
1.3 Interest on Banks		3.774.530	1.289.890	1.128.816	956.609
1.4 Interest on Money Market Transactions		148.939	16.433	134.957	10.458
1.5 Interest on Marketable Securities Portfolio		95.289.513	65.819.972	51.208.339	29.382.535
1.5.1 Fair Value Through Profit or Loss		733.510	470.190	271.699	163.285
1.5.2 Fair Value through Other Comprehensive Income		58.202.035	48.440.967	30.380.900	19.823.631
1.5.3 Measured at Amortized Cost		36.353.968	16.908.815	20.555.740	9.395.619
1.6 Financial Lease Interest Income		6.235.115	794.717	3.869.823	295.319
1.7 Other Interest Income		6.134.489	564.139	5.230.773	229.347
II. INTEREST EXPENSE (-)	(2)	193.317.206	75.325.166	84.587.073	31.980.062
2.1 Interest on Deposits		168.745.717	56.109.650	82.097.887	24.052.502
2.2 Interest on Funds Borrowed		7.509.899	2.242.315	2.985.124	994.158
2.3 Interest Expense on Money Market Transactions		9.402.786	10.444.953	3.169.823	3.429.155
2.4 Interest on Securities Issued		4.582.529	2.649.601	1.729.693	951.526
2.5 Interest on Leases		405.762	186.182	181.155	71.576
2.6 Other Interest Expenses		2.670.513	3.692.465	(5.576.609)	2.481.145
III. NET INTEREST INCOME (I - II)		93.443.361	88.859.482	53.198.860	36.894.864
IV. NET FEES AND COMMISSIONS INCOME		25.185.843	9.700.105	11.394.972	3.768.687
4.1 Fees and Commissions Received		33.646.673	13.482.197	16.380.744	5.227.146
4.1.1 Non-cash Loans		3.825.255	2.017.975	1.506.511	808.467
4.1.2 Other		29.821.418	11.464.222	14.874.233	4.418.679
4.2 Fees and Commissions Paid (-)		8.460.830	3.782.092	4.985.772	1.458.459
4.2.1 Non-cash Loans		1.064	631	397	254
4.2.2 Other		8.459.766	3.781.461	4.985.375	1.458.205
V. DIVIDEND INCOME		13.204	28.207	2.132	6.863
VI. TRADING PROFIT/(LOSS) (Net)	(3)	27.134.014	2.051.168	5.632.849	2.053.877
6.1 Trading Gains/(Losses) on Securities		4.009.956	1.764.494	3.232.388	1.312.795
6.2 Gains / (Losses) on Derivative Financial Transactions		(6.485.107)	(6.397.826)	(4.535.016)	(2.617.634)
6.3 Foreign Exchange Gains/(Losses)		29.609.165	6.684.500	6.935.477	3.358.716
VII. OTHER OPERATING INCOME	(4)	30.861.770	7.848.144	3.675.930	3.098.116
VIII. GROSS OPERATING PROFIT (III+IV+V+VI+VII)		176.638.192	108.487.106	73.904.743	45.822.407
IX. EXPECTED CREDIT LOSS (-)	(5)	29.125.494	16.117.365	14.402.970	6.920.248
X. OTHER PROVISION EXPENSES (-)	(5)	277.458	28.295.867	(1.335.670)	13.423.653
XI. PERSONNEL EXPENSE (-)		17.830.312	7.434.641	6.187.426	2.860.890
XII. OTHER OPERATING EXPENSES (-)	(6)	52.936.024	11.825.551	11.124.127	4.799.448
XIII. NET OPERATING PROFIT/(LOSS) (VIII-IX-X-XI-XII)		76.468.904	44.813.682	43.525.890	17.818.168
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XV. PROFIT/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		143.185	118.131	46.804	43.425
XVI. PROFIT/(LOSS) ON NET MONETARY POSITION		-	-	-	-
XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	(7)	76.612.089	44.931.813	43.572.694	17.861.593
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(8)	(14.841.085)	(16.732.361)	(10.698.651)	(7.946.275)
18.1 Current Tax Provision		(17.155.756)	(26.200.656)	(16.771.952)	(8.538.947)
18.2 Deferred Tax Expense Effect (+)		(8.843.931)	(2.690.131)	1.252.045	(713.580)
18.3 Deferred Tax Income Effect (-)		11.158.602	12.158.426	4.821.256	1.306.252
XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII+XVIII)	(9)	61.771.004	28.199.452	32.874.043	9.915.318
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
20.1 Income from Non-Current Assets Held for Sale		-	-	-	-
20.2 Income from Sales of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)		-	-	-	-
20.3 Income from Other Discontinued Operations		-	-	-	-
XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1 Expenses on Non-Current Assets Held for Sale		-	-	-	-
21.2 Expense from Sales of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)		-	-	-	-
21.3 Expenses for Other Discontinued Operations		-	-	-	-
XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-	-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1 Current Tax Provision		-	-	-	-
23.2 Deferred Tax Expense Effect (+)		-	-	-	-
23.3 Deferred Tax Income Effect (-)		-	-	-	-
XXIV. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII+XXIII)		-	-	-	-
XXV. NET PROFIT/(LOSS) (XIX+XXIV)	(10)	61.771.004	28.199.452	32.874.043	9.915.318
25.1 Profit/(Loss) from the Group		61.723.653	28.157.576	32.858.171	9.898.443
25.2 Profit/(Loss) from Minority Interest		47.351	41.876	15.872	16.875
Earnings/(Loss) per share (in TL full)		0,901	0,967	0,423	0,270

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS OF 30 SEPTEMBER 2023

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

V- CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Current Period 1 January-30 September 2023	Prior Period 1 January-30 September 2022
I.	PROFIT (LOSS)	61.771.004	28.199.452
II.	OTHER COMPREHENSIVE INCOME	(13.158.789)	21.478.977
2.1	Other Comprehensive Income That will not Be Reclassified to Profit or Loss	(3.846.647)	(1.695.734)
2.1.1	Gains (Losses) on Revaluation of Property, Plant and Equipment	633.038	(76.777)
2.1.2	Gains (losses) on revaluation of Intangible Assets	-	-
2.1.3	Gains (losses) on remeasurements of defined benefit plans	(667)	(17.019)
2.1.4	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	(3.940.211)	(1.859.541)
2.1.5	Taxes Relating to Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	(538.807)	257.603
2.2	Other Comprehensive Income That Will Be Reclassified to Profit or Loss	(9.312.142)	23.174.711
2.2.1	Exchange Differences on Translation	2.460.395	1.120.206
2.2.2	Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	(19.288.206)	27.737.386
2.2.3	Income (Loss) Related with Cash Flow Hedges	-	-
2.2.4	Income (Loss) Related with Hedges of Net Investments in Foreign Operations	3.022.573	917.586
2.2.5	Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	-	-
2.2.6	Taxes Relating to Components of Other Comprehensive Income That Will Be Reclassified to Profit or Loss	4.493.096	(6.600.467)
III.	TOTAL COMPREHENSIVE INCOME (I+II)	48.612.215	49.678.429

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 30 SEPTEMBER 2023

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

VI. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Net Profit/(loss)	Current Period Net Profit/(loss)	Shareholders' Equity Before Minority Interest	Minority Interest	Total Equity
					1	2	3	4	5	6						
Current Period 30 September 2023																
I. Prior Period End Balance	34.900.000	-	-	-	24.730.136	(2.852.002)	2.119.796	5.623.376	19.938.833	3.792.404	74.732.663	47.416.520	-	210.401.726	3.680.024	214.081.750
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	34.900.000	-	-	-	24.730.136	(2.852.002)	2.119.796	5.623.376	19.938.833	3.792.404	74.732.663	47.416.520	-	210.401.726	3.680.024	214.081.750
IV. Total Comprehensive Income (Loss)	-	-	-	-	(227.282)	184.895	(3.804.260)	2.460.395	(14.795.110)	3.022.573	-	-	61.723.653	48.564.864	47.351	48.612.215
V. Capital Increase in Cash	49.700.000	-	-	-	-	-	-	-	-	-	-	-	-	49.700.000	-	49.700.000
VI. Capital Increase Through Internal Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/(Decrease) Through Other Changes	-	-	-	-	-	-	-	-	-	-	1.581.032	128.357	-	1.709.389	153.984	1.863.373
XI. Profit distribution	-	-	-	-	-	-	39.761	-	-	-	46.084.858	(46.128.981)	-	(4.362)	-	(4.362)
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(4.362)	-	(4.362)	-	(4.362)
11.2 Transfers to reserves	-	-	-	-	-	-	-	-	-	-	46.079.529	(46.079.529)	-	-	-	-
11.3 Other	-	-	-	-	-	-	39.761	-	-	-	5.329	(45.090)	-	-	-	-
Balance at the end of the period (III+IV+.....+X+XI)	84.600.000	-	-	-	24.502.854	(2.667.107)	(1.644.703)	8.083.771	5.143.723	6.814.977	122.398.553	1.415.896	61.723.653	310.371.617	3.881.359	314.252.976

1. Increases and decreases in Tangible Assets Revaluation Reserve

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

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

4. Exchange Differences on Translation

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 30 SEPTEMBER 2023

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

VI- CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Net Profit/(loss)	Current Period Net Profit/(loss)	Shareholders' Equity Before Minority Interest	Minority Interest	Total Equity
					1	2	3	4	5	6						
					PRIOR PERIOD											
30 September 2022																
I. Prior Period End Balance	13.100.000	-	-	-	6.983.490	219.940	1.550.632	4.396.571	(5.813.923)	2.195.068	68.565.711	8.355.475	-	99.552.964	1.590.155	101.143.119
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	13.100.000	-	-	-	6.983.490	219.940	1.550.632	4.396.571	(5.813.923)	2.195.068	68.565.711	8.355.475	-	99.552.964	1.590.155	101.143.119
IV. Total Comprehensive Income (Loss)	-	-	-	-	(195.337)	(12.764)	(1.487.633)	1.120.206	21.136.919	917.586	-	-	28.157.576	49.636.553	41.876	49.678.429
V. Capital Increase in Cash	21.800.000	-	-	-	-	-	-	-	-	-	-	-	-	21.800.000	-	21.800.000
VI. Capital Increase Through Internal Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/(Decrease) Through Other Changes	-	-	-	-	-	-	(9.988)	-	(2.211)	-	567.238	425.803	-	980.842	13.405	994.247
XI. Profit distribution	-	-	-	-	-	-	25.648	-	-	-	7.631.307	(7.659.775)	-	(2.820)	-	(2.820)
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(2.820)	-	(2.820)	-	(2.820)
11.2 Transfers to reserves	-	-	-	-	-	-	-	-	-	-	7.593.256	(7.593.256)	-	-	-	-
11.3 Other	-	-	-	-	-	-	25.648	-	-	-	38.051	(63.699)	-	-	-	-
Balance at the end of the period (III+IV+.....+X+XI)	34.900.000	-	-	-	6.788.153	207.176	78.659	5.516.777	15.320.785	3.112.654	76.764.256	1.121.503	28.157.576	171.967.539	1.645.436	173.612.975

1. Increases and decreases in Tangible Assets Revaluation Reserve

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

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

4. Exchange Differences on Translation

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS AS OF 30 SEPTEMBER 2023

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

VII. CONSOLIDATED STATEMENT OF CASH FLOWS	Note	Current Period January-30 September 2023	Prior Period 1 January-30 September 2022
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		8.126.571	24.606.819
1.1.1 Interest Received		222.991.715	142.959.523
1.1.2 Interest Paid		(163.671.217)	(69.908.818)
1.1.3 Dividend Received		13.204	28.207
1.1.4 Fees and Commissions Received		33.526.578	18.643.793
1.1.5 Other Income		9.412.978	5.180.492
1.1.6 Collections from Previously Written-off Loans and Other Receivables		3.996.601	4.752.054
1.1.7 Cash Payments to Personnel and Service Suppliers		(19.760.068)	(7.919.102)
1.1.8 Taxes Paid		(7.117.400)	(17.510.347)
1.1.9 Other		(71.265.820)	(51.618.983)
1.2 Changes in Operating Assets and Liabilities		200.443.384	146.485.802
1.2.1 Net (Increase) / Decrease in Financial Assets at Fair Value Through Profit or Loss		(20.816.969)	(3.650.429)
1.2.2 Net (Increase) / Decrease in Due from Banks and Other Financial Institutions		3.258.558	(75.723.452)
1.2.3 Net (Increase) / Decrease in Loans		(579.682.577)	(349.459.388)
1.2.4 Net (Increase) / Decrease in Other Assets		(37.378.240)	(11.162.847)
1.2.5 Net Increase / (Decrease) in Bank Deposits		38.636.629	14.342.667
1.2.6 Net Increase / (Decrease) in Other Deposits		725.991.293	591.059.897
1.2.7 Net Increase / (Decrease) in Financial Liabilities at Fair Value Through Profit or Loss		-	-
1.2.8 Net Increase / (Decrease) in Funds Borrowed		5.147.135	15.212.941
1.2.9 Net Increase / (Decrease) in Payables		-	-
1.2.10 Net Increase / (Decrease) in Other Liabilities		65.287.555	(34.133.587)
I. Net Cash Provided from Banking Operation		208.569.955	171.092.621
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		(168.869.559)	(82.295.566)
2.1 Cash Paid for Acquisition of Investments, Associates, Subsidiaries and Entities under Common Control (Joint Venture)		(141.785)	(3.215.424)
2.2 Cash Obtained from Disposal of Investments, Associates, Subsidiaries and Entities under Common Control (Joint Venture)		-	1.750
2.3 Purchases of Property and Equipment		(6.944.560)	(2.643.037)
2.4 Disposals of Property and Equipment		767.349	3.047.789
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(221.708.645)	(82.992.015)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		168.343.614	61.054.996
2.7 Purchase of Financial Assets Measured at Amortized Cost		(120.095.366)	(58.648.336)
2.8 Sale of Financial Assets Measured at Amortized Cost		10.909.834	1.098.711
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		47.782.866	14.181.815
3.1 Cash Obtained from Funds Borrowed and Securities Issued		24.974.597	13.634.328
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(25.987.597)	(21.134.823)
3.3 Issued Equity Instruments		49.700.000	21.800.000
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(904.134)	(117.690)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		28.710.489	750.481
V. Net Increase in Cash and Cash Equivalents (I+II+III+IV)		116.193.751	103.729.351
VI. Cash and Cash Equivalents at Beginning of the Period		229.305.437	110.121.556
VII. Cash and Cash Equivalents at End of the Period		345.499.188	213.850.907

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

(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” (“Regulation”) related with Banking Law numbered 5411 published in the Official Gazette No. 26333 dated 1 November 2006 and other regulations related to reporting principles on accounting records of Banks published by Banking Regulation and Supervision Agency (“BRSA”) and circulars and interpretations published by BRSA (together referred as BRSA Accounting and Reporting Legislation) and in case where a specific regulation is not made by BRSA, Turkish Accounting Standards 34 (“TAS 34”) Interim Financial Reporting Standard and Turkish Financial Reporting Standards (“TFRS”) and (referred as “Turkish Accounting and Financial Reporting Regulations” or “Reporting Standards”) put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”).

The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements”, published in the Official Gazette No. 28337, dated 28 June 2012 and the “Communiqué on Public Disclosures on Risk Management by Banks”, published in the Official Gazette No. 29511, dated 23 October 2015 and amendments to these Communiqué. The Parent Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

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

The consolidated financial statements have been prepared under the historical cost convention, except for the financial assets and liabilities carried at fair value.

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

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

The Parent Bank reflected the estimates and judgments into the calculation of expected credit losses with the maximum effort and the best estimation method. The Parent Bank has revised its macroeconomic expectations and has reflected to the financial statement as of 30 September 2023, by taking into account the change in probability of default and loss given default.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued)

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

On 20 January 2022, the Public Oversight Authority made a statement on whether the Financial Reporting Standard (“TAS 29”) in Hyperinflationary Economies shall be applied within the scope of Türkiye Financial Reporting Standards. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. As of the preparation date of these financial statements, no new announcement has been made by the Public Oversight Authority in this context, and no inflation adjustment has been made in the financial statements dated 30 September 2023 within the scope of TAS 29 Financial Reporting Standard in Hyperinflationary Economies.

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

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

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

Benchmark Interest Rate Reform

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

Loans and securities are instruments from which the Parent Bank gets returns above the average returns within its activity. Letter of guarantees, bank loans, commercial letter of credits, commitments for cheque payments and commitments for credit card limits 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 Türkiye, Money Market or Interbank Money Market in case of need. In case of a liquidity crisis, the deposit base of the Parent Bank is not presumed to be significantly affected from liquidity risk since the Parent Bank is a public bank with an extensive branch network.

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

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

For the exchange risk arising from foreign currency conversion of Ziraat Bank International AG, Ziraat Bank BH d.d. and Ziraat Bank Montenegro AD, the Bank’s subsidiaries to which capital was paid in Euro amounts, Euro deposits are used for hedging purposes. Information regarding the investment hedge accounting for the operation abroad, which is applied to protect the total capital amount associated for this purpose, 346.853 thousand Euros (31 December 2022: 336.627 thousand Euros), from the effect of exchange rate risk arising from changes in foreign exchange rates, in the Fourth Chapter VIII. It is given in article no.

Assets and liabilities of the overseas 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.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. INFORMATION ON CONSOLIDATED SUBSIDIARIES (Continued)

1. Consolidation Principles Applied (Continued)

1.1. Consolidation Principles for Subsidiaries (Continued)

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

Title	Address (City/Country)	Main Activities	Parent Bank's Share Percentage (%)	Parent Bank's Risk Group Share Percentage (%)
Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/Türkiye	Brokerage Houses	99,60	99,60
Ziraat Portföy Yönetimi A.Ş.	İstanbul/Türkiye	Portfolio Management	74,90	99,80
Ziraat Katılım Bankası A.Ş.	İstanbul/Türkiye	Banking	100,00	100,00
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Türkiye	Real Estate	81,06	81,06
Ziraat Girişim Sermayesi Ortaklığı A.Ş.	İstanbul/Türkiye	Venture Capital	100,00	100,00
Ziraat Dinamik Banka A.Ş.	İstanbul/Türkiye	Banking	100,00	100,00
Ziraat Finansal Teknolojiler Elektronik Para ve Ödeme Hizmetleri A.Ş.	İstanbul/Türkiye	Payment Services	100,00	100,00
Ziraat Bank International AG	Frankfurt/Germany	Banking	100,00	100,00
Ziraat Bank BH d.d.	Sarajevo/Bosnia and Herzegovina	Banking	100,00	100,00
Ziraat Bank (Moscow) JSC	Moscow/Russia	Banking	99,91	100,00
Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	Banking	99,92	99,92
Ziraat Bank Azerbaycan ASC	Baku/Azerbaijan	Banking	99,98	100,00
Ziraat Bank Montenegro AD	Podgorica/Montenegro	Banking	100,00	100,00
JSC Ziraat Bank Georgia	Tbilisi/Georgia	Banking	100,00	100,00
Ziraat Bank Uzbekistan JSC	Tashkent/Uzbekistan	Banking	100,00	100,00

1.2. Consolidation Principles of Associates and Entities under common control

An associate is a partnership with which the Parent Bank participates in its capital and has significant effect on it although it has no capital or management control, whose main operation is banking, and which operates according to special legislation with permission and license and is established abroad. The related associate is consolidated with equity method in accordance with materiality principle. Significant effect refers to the participation power on the constitution of the financial and management policies of the participated associate. If the Parent Bank has 10% or more voting right on the associate, as long as it is not proved otherwise, it will be accepted that the Parent Bank has significant effect on that associate. Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in an associate from the changed amount in the associate participating shareholder's equity during the period by the portion of the participant and the deduction of the dividend from the associate from the changed value of the associate amount. The associates and 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:

Unvanı	Faaliyet Merkezi (Şehir/Ülke)	Faaliyet Konusu	Ana Ortaklık Banka'nın Payı (%)	Grubun Payı (%)
Turkmen Turkish Joint Stock Commercial Bank	Ashgabat/Turkmenistan	Banking	50,00	50,00
Arap Türk Bankası A.Ş.	İstanbul/Türkiye	Banking	15,43	15,43
Birleşim Varlık Yönetim A.Ş.	İstanbul/Türkiye	Asset Management	16,00	16,00

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. INFORMATION ON CONSOLIDATED SUBSIDIARIES (Continued)

1. Consolidation Principles Applied (Continued)

1.3. Principles Applied During Share Transfer, Merger and Acquisition

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

1.4. Transactions with Minority Shareholders

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

1.5. Presentation of Unconsolidated Subsidiaries and Associates in Consolidated Financial Statements

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

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

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

Derivative financial instruments of the Group are classified under “IFRS 9 Financial Instruments Standard” (“IFRS 9”), “Derivative Financial Assets Measured at Fair Value through Profit or Loss”.

Derivative financial instruments are initially recognized at fair value. Derivative transactions, depending on the fair value being positive or negative is shown as derivative financial assets measured at fair value through profit or/ loss or derivative financial liabilities measured at fair value through profit or/loss in the following periods of the recording. Differences in fair value as a result of the valuation are accounted for under profit/loss from derivative financial transactions and profit/loss from foreign exchange transactions in the commercial profit/loss item in the profit or loss statement.

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

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

Interest income from financial assets is recognized as gross carrying amount according to the effective interest rate method except for interest income from purchased or originated credit-impaired financial assets or financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. The Parent Bank has started to calculate rediscount as of 1 January 2018 for its non-performing loans. Rediscount is calculated over the net book value (Gross Book Value - Expected Credit Losses Reserve) of the non-performing loans.

If the expectations for the cash flows in the financial asset are revised for reasons other than the credit risk, the amendment is reflected in the carrying amount of the asset and in the related profit or loss statement line and is amortized over the estimated life of the financial asset.

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

Profit share income is accounted for by applying the internal rate of return method. Group calculates expense accrual according to the unit value calculation method over the participation accounts.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

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

Prepaid expense amounts are recognized as expense on an accrual basis during the service period.

Commission income from individual, corporate and commercial loans are transferred to income accounts according to periodicity principle using effective interest rate method on an accrual basis.

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

The Group classifies and recognizes its financial assets as “Financial assets measured at fair value through profit/loss”, “Financial assets measured at fair value through other comprehensive income” or “Financial assets measured at amortized cost”. This classification is based on the contractual cash flow characteristics of the related business model used for management of the financial assets at initial recognition.

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

Classification and Measurement within the Scope of TFRS 9

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

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

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss;

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

are financial assets.

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

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

Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets are classified as financial assets at fair value through other comprehensive income where the business models aim to hold financial assets in order to collect the contractual cash flows and selling assets and the terms of financial asset give rise to cash flows that are solely payments of principal of interest at certain dates.

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

Financial Assets at Fair Value Through Other Comprehensive Income (Continued)

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

Financial Assets at Measured at Amortized Cost

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

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

Financial assets measured at fair value through other comprehensive income and “financial assets measured at amortized cost portfolios of the Group include Consumer Price Index (CPI) indexed bonds. Mentioned securities are valued and accounted according to the effective interest rate method which is calculated according to the real coupon rate and the reference inflation index on the issue date. The actual coupon payment amounts of these securities, purchase and sale transactions and year-end valuations are calculated by using the index announced by the treasury. Index calculations related to CPI indexed bonds are made by the method specified in Ministry of Treasury and Finance’s CPI Indexed Bonds Investor Guide.

The estimated inflation rate used during the year can be updated if necessary. In this context, as of 30 September 2023, the valuation of the assets was made according to the annual inflation forecast of 50%. At the end of the year, the actual inflation rate is used. A 5% increase in the CPI estimate will increase pre-tax profit by TL 4.927 million as of 30 September 2023, while a 5% decrease will decrease it by TL 5.341 million.

Loans

Loans consist of financial assets which are created by providing money, goods or services to the debtor. Loans are initially recognized at acquisition cost presenting their fair value and thereafter measured at amortized cost using the “Effective Interest Rate Method”.

Cash loans are accounted with their original balances in the accounts specified in Uniform Chart of Accounts and Prospectus according to their type, maturity, and collateral structures. Foreign exchange loans are recognized with fixed price and revalued by the counter foreign exchange buying rate of the Bank.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Explanations on Expected Loss Provisions

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

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

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

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

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

Impairment

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

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

Impairment (Continued)

12 Month Expected Credit Losses (Stage 1)

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

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

Significant Increase in Credit Risk (Stage 2)

Financial assets are transferred to the 2nd stage if it is determined that there is a significant increase in credit risk. While the expected loss provision is calculated for 1 year for loans in the 1st stage, it is calculated by taking into account the entire remaining maturity for loans in the 2nd stage.

The main criteria taken into account in determining the significant increase in the credit risk of the financial asset and its transfer to the 2nd stage are as follows:

- Receivables with a delay of 30 days or more
- Close monitoring criteria in the Bank's Early warning system
- Early warning note
- Configuration

Credit-Impaired Losses (Stage 3)

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

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

- Objective Default Definition: It means debt having past due more than 90 days. This assumption can be proved otherwise in the light of supportable information.
- Subjective Default Definition: It means it is considered as unlikeliness to pay. Whenever it is considered that an obligor is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

Collective assessment of financial instruments is based on homogeneous group assets referring to portfolio segmentation including similar credit risk and product characteristics. This section provides an overview of the risk parameter estimation methods for the expected loss calculation approach on a common basis for each stage.

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

When cash flows are estimated, the following situations are considered:

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

Impairment (Continued)

Credit-Impaired Losses (Stage 3)(Continued)

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

Probability of Default (PD)

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

Exposure at Default (EAD)

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

Loss Given Default (LGD)

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

Future Expectations

The effect of future expectations is included in the credit risk parameters used in the calculation of expected credit losses by using scenarios related to macroeconomic factors. The Bank uses the macroeconomic forecasting model developed during the creation of multiple scenarios to be used in expected credit loss calculations. The macroeconomic variables that stand out during the estimation are the Gross Domestic Product (GDP) and the Consumer Price Index (CPI), and the risk parameters are updated if deemed necessary, taking into account the compatibility with the portfolio. In addition to macroeconomic indicators, the Parent Bank preferred the precautionary approach by adding expert opinion while creating macroeconomic models, taking into account the economic conditions, and the numerical effects of these risks were also included in the models.

The Methodology of Behavioural Maturity Calculation

The loans in Stage 1, expected loss provision is calculated until their maturity for the ones which have less than one year to due date and for 1 year which have more than one year to due date. The loans in Stage 2, expected loss provision is calculated for lifetime (until maturity date) of the loan. In this calculation, the remaining maturity information of the loan is taken as basis for each loan. While this information is used for products with real maturity information, 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.

Write-off Policy

The amendment with respect to the regulation "Regulation on the Amendment of the Regulation on the Classification of Loans and the Procedures and Principles Regarding the Classification of Loans and Provisions for These" entered into force with its publication in the Official Gazette No.31533 on 6 July 2021. Pursuant to the regulation, the banks are enabled to write down and move off the balance sheet the portion of a loan which is classified as "Group V Loan" (Loans Classified as Loss) within the period deemed appropriate by the bank specific to the situation of the debtor, if it cannot reasonably be expected to be recovered. Since the reporting period, it can be written-off from the records under TFRS 9. The write-off is an accounting policy and does not result in the waiver of the right to receivable.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS

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

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

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

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

XI. INFORMATION ON NON-CURRENT ASSETS OR DISPOSAL GROUPS “HELD FOR SALE” AND RELATED TO DISCONTINUED OPERATIONS AND EXPLANATIONS ON LIABILITIES RELATED WITH THESE ASSETS

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

The assets that meet the criteria of being classified under assets held for sale are measured at the lower of their book values or fair value less costs to be incurred for sale, and depreciation for these assets is ceased and these assets are presented separately in the balance sheet. In order for an asset to be classified as an asset held for sale, the related asset (or the asset group to be disposed) shall be ready to be sold immediately under usual conditions and should have a high possibility to be sold. In order to have a high probability of sales, a plan for the sale of the asset (or group of assets to be disposed of) must have been prepared by an appropriate management team and an active program has been initiated to identify buyers and complete the plan. Various events or circumstances may extend the completion time of the sale transaction beyond one year. Assets are continued to be classified as held for sale if there is sufficient evidence that the delay is due to events or conditions beyond the Bank's control and that the Bank's plan to sell the related asset (or disposal group) is in progress.

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

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

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

As of the date of balance sheet, the Group has no goodwill in its financial statements. (31 December 2022: None).

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

The Group recognizes its software costs incurred under the intangible assets-intangible rights account and the expenses that qualify as development are added to software’s initial costs and amortized over 3 years considering the useful lives. The Parent Bank has determined estimated useful lives of the intangible assets between 3 and 15 years and it applies depreciation rates between 33.3% to 6.7%

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

Property and equipment are measured at its cost when initially recognized and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. As of 31 January 2014, the Parent Bank has changed its accounting policies and has decided to pursue the real estates registered in its portfolio at fair values. Valuation differences arising as a result of the valuation made by independent expertise firms for real estates are accounted under the tangible asset revaluation differences account under equity.

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

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

	Estimated Useful Lives (Year)	Amortization Rate
Buildings	50	2%
Safe-deposit boxes	50	2%
Other movable properties	3-15	4-33,33%
Movable properties purchased under lease	4-5	20-25%

Gains or losses emerging from the disposal of property and equipment are reflected in the profit or loss account as the difference between the net disposal revenue of tangible asset and its net book value.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT (Continued)

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

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

XIV. EXPLANATIONS ON INVESTMENT PROPERTIES

Investment properties consist of assets held to earn rent and / or value increase. The mentioned real estates owned by the Group are shown in the consolidated financial statements using the fair value method within the framework of TAS 40 "Investment Properties". Gains and losses arising from a change in the fair value of investment properties are reflected in the profit / loss accounts in the period they occur.

XV. EXPLANATIONS ON LEASING TRANSACTIONS

Leases in TFRS 16

The Group measures the operational lease liabilities based on the present value of the lease payments that have not been paid at the date of lease is actually started, in accordance with TFRS 16. Lease payments are discounted by using the Group’s incremental borrowing rate. 2-year government bond indicator interest rates are used for Turkish Lira rentals, and Eurobond indicator interest rates are used for foreign currency leasing transactions for ongoing contracts.

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

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

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

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

The Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate for a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification. The revised discount rate is determined as the alternative borrowing interest rate at the effective date of the modification. The Group 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XV. EXPLANATIONS ON LEASING TRANSACTIONS (Continued)

Leases in TFRS 16 (Continued)

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

Subject to financial leasing in the consolidated balance sheet of the entity is shown as a receivable equal to net leasing. The interest income is determined 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.

Assets acquired through leasing transactions are of similar nature and are amortized in line with the rates applied to directly acquired assets. Assets subject to lease are monitored under the tangible fixed assets account and are amortized on a monthly and annual basis according to their useful lives. The total principal and interest to be paid in the future for tangible fixed assets acquired by leasing are recorded in the "Liabilities from Lease Transactions" liability account, and the interest amount is recorded in the "Deferred Lease Expenses" account, which is a regulatory account in the liability. In installment payments, the principal and interest amount of the installment is debited to the "Liabilities from Lease Transactions" account, and the interest is credited to the "Deferred Lease Expenses" account and accounted for in the "Other Interest Expenses" 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.

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

Severance Pay and Leave Rights

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

Severance Pay and Leave Rights (Continued)

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 employee’s time worked. Employment termination is calculated based on actuarial assumptions. These assumptions based on the calculation are below:

The Parent Bank uses independent actuaries in determining liability and makes assumptions about issues such as discount rate and inflation. As of 30 September 2023, retirement benefit obligation is TL 6.679.504 (31 December 2022: TL 6.140.669).

	Current Period	Prior Period
Discount Rate	10,60%	10,60%
Inflation	10,08%	10,08%

The Group accounts for actuarial losses and gains under equity in accordance with the revised TAS 19 Turkish Accounting Standard for Employee Benefits, which entered into force as of 1 January 2013. The Group has reclassified actuarial loss of TL 2.667.107 under equity after deferred tax effect (31 December 2022: TL 2.852.002 loss).

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

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

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

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

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

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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 (Continued)

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

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

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

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

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

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

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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 (Continued)

The technical balance sheet report as of 31 December 2022 which is prepared in accordance with the new law and the rate determined as 9,80%, concluded no technical deficit arises in the above-mentioned fund. Since the Parent Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Parent Bank’s financial statements.

XVIII. EXPLANATIONS ON TAXATION

Current Tax

The corporate tax rate of 20% was designated in Corporate Tax Law No. 5520 which was taken into effect on 1 January 2006 after being published in the Official Gazette dated 21 June 2006 numbered 26205 for corporate earnings.

However;

Pursuant to Article 25 of Law No. 7394 published in the Official Gazette dated 15 April 2022 and numbered 31810; Corporate tax rate has been determined as 25% for banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies is determined as 25%, and this rate will be effective as of 1 July 2022. It came into force to start with the declarations that must be submitted and to be applied to corporate earnings for accounting periods starting from 1 January 2022.

In accordance with Article 21 of the Law No. 7456 published in the Official Gazette dated 15 July 2023 and numbered 32249, starting from the declarations that must be submitted as of 1/10/2023; The corporate tax rate to be applied to the profits of corporations in 2023 and the following taxation periods has been increased from 25% to 30% for banks and other institutions mentioned in the law. As of 30 September 2023, the corporate tax rate has been applied as 30% in the financial statements.

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

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

Corporations calculate advance tax quarterly on their financial profits at the corporate tax rate valid for that year and declare and pay until the 17th day of the second month following that period. Advance tax paid by corporations for the current period is offset against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be used to offset any other financial liabilities to the government.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVIII. EXPLANATIONS ON TAXATION (Continued)

Current Tax (Continued)

According to 5.1.e. article of Corporation Tax Law which is important tax exemption that is applied by banks, corporations’ 50% of revenues that occur from selling of their real estates, are in assets, that belong to the corporations at least two years (730 days), 75% of revenues that occur from selling their founding bonds that are belong to the corporations as long as time of participation stocks, redeemed shares and option to call are exempted from corporation tax. On the other hand, the exemption application for real estates held in the Bank's assets for at least two years was abolished with the 19th article of the Law No. 7456 published in the Official Gazette dated 15 July 2023 and numbered 32249, and in the 22nd article of the law “... The 50% rate in subparagraph (e) of the first paragraph of Article 5 is applied as 25% for the immovable sales earnings to be made after the effective date of this article.” and it has been announced that the exception rate will be 50% for sales made before 15 July 2023 and 25% for sales made after.

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

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

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

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

Tax returns are required to be filled and delivered to the related tax office until the end of the fourth month following the balance sheet date and the accrued tax is paid until the end of the same month. Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based and may issue re-assessments based on their findings. As of the end of the 2021 calendar year, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298/A of the Tax Procedure Law. However, with the Law No. 7352 on the Amendment of the Tax Procedure Law and the Corporate Tax Law, published in the Official Gazette dated 29 January 2022 and numbered 31734, the temporary article 33 was added to the Tax Procedure Law No. 213, including the provisional tax periods. Financial statements will not be subject to inflation adjustment for the 2021 and 2022 accounting periods (for those designated as a special accounting period, as of the accounting periods ending in 2022 and 2023) and the provisional tax periods for the 2023 accounting period, regardless of whether the conditions for the repetitive inflation adjustment within the scope of Article 298 are met, It has been enacted that the 2023 financial statements will be subject to inflation adjustment regardless of whether the conditions for the inflation adjustment are met, and the profit/loss differences arising from the inflation adjustment to be made will be shown in the previous years' profit/loss account.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVIII. EXPLANATIONS ON TAXATION (Continued)

Current Tax (Continued)

Tax rates used in tax calculation considering the related countries’ tax legislation as of 30 September 2023 are presented below:

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

Deferred Tax

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

With the Law No. 7394 on the Evaluation of Immovable Property Owned by the Treasury and Amending the Value Added Tax Law, which was published in the Official Gazette dated April 15, 2022 and numbered 31810, and the Law on Amendments to Some Laws and Decree-Laws, with Article 26 of the Law No. 5520 With the paragraph added to the temporary article 13 of the Corporate Tax Law, the Corporate Tax rate was rearranged for the corporate earnings of the 2022 taxation period and it was stated that the tax rate would be applied as 25% for the banks. In accordance with Article 21 of Law No. 7456 published in the Official Gazette No. 32249 dated 15 July 2023, starting from the declarations that must be submitted as of October 1, 2023; The corporate tax rate to be applied to the profits of corporations in 2023 and the following taxation periods has been increased from 25% to 30% for banks and other institutions mentioned in the law.

Deferred tax liability or assets are determined by calculating the tax effects of the temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts taken into account in the calculation of the legal tax base, according to the balance sheet method, taking into account the enacted tax rates. In the calculation of deferred tax, the Bank estimates the time when temporary differences will be taxable/deductible and uses enacted tax rates as of the balance sheet date in accordance with the current tax legislation. As the deferred tax assets or liabilities within the scope of TAS 12 are calculated based on the tax rates (and tax laws) that are in effect or nearly effective as of the end of the reporting period (balance sheet date), using the tax rates expected to be applied in the periods when the assets are converted into income or the liabilities are paid, the Bank has as of 30 September 2023, deferred tax calculations were made based on rates varying between 30% on assets and liabilities. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by generating taxable profit in the future. Except for goodwill or business combinations, deferred tax liability or asset is not calculated for temporary timing differences arising from the initial recognition of assets or liabilities and which do not affect both commercial and financial profit or loss.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVIII. EXPLANATIONS ON TAXATION (Continued)

Deferred Tax (Continued)

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

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

Deferred tax assets and liabilities are reflected in the consolidated financial statements by offsetting in the separate financial statements of the consolidated subsidiaries.

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

XIX. EXPLANATIONS ON BORROWINGS

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

If required, the Group borrows from domestic and foreign real people and entities with debt instruments such as bill/bond issuance. These transactions are recognized at fair value including acquisition costs at the transaction date while accounted with effective interest rate method over their discounted costs in the following periods.

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

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

There are no issued shares by the Group.

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

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

XXII. EXPLANATIONS ON GOVERNMENT GRANTS

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXIII. CASH AND CASH EQUIVALENTS

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

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

XXIV. EXPLANATIONS ON SEGMENT REPORTING

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

XXV. EXPLANATIONS ON OTHER MATTERS

Profit Distribution

With the decision taken at the Bank Ordinary General Assembly Meeting held on August 2, 2023;

In accordance with paragraph 1, article 33 of the Bank's Articles of Association regarding determination, allocation and distribution of the net profit for the period; out of the net profit for the period amounting to TL 41.092.377 legal reserve at the rate of 5% (TL 2.054.619) be set aside, as per article 5/1-e of the Corporate Tax Law numbered 5520, TL 15.957 and TL 78 respectively the amount associated with the profit within 50% of the tax base of the real estate sales revenue exemption and of the 75% of subsidiary shares sales exemptions as calculated according to the Tax Procedure Law (VUK), and be moved to a special fund account under shareholders' equity for monitoring until end of the 5th year following year of sale, the remaining amount of TL 39.021.724 be transferred to extraordinary reserves, out of TL 45.090 due to the real estate valuation differences and monitored under retained earnings as per TAS, TL 23.726 the amount associated with equity accounts within 50% of the tax base of the real estate sales revenue exemption as calculated according to the Tax Procedure Law (VUK) under article 5/1e of the Corporate Tax Law numbered 5520 be moved to a special fund account under shareholders' equity for monitoring until end of the 5th year following year of sale, legal reserve at the rate of 5% (TL 1.068) over the remaining amount of TL 21.363 be set aside and the remaining amount of TL 20.295 be transferred to extraordinary reserves.

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SECTION FOUR

EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT

I. EXPLANATIONS ON THE COMPONENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY

Shareholders' equity and capital adequacy ratio were calculated within the framework of “Regulation on Banks' Equity” and “Regulation on Measurement and Evaluation of Capital Adequacy of Banks” and in addition to these, the following regulations of the BRSA.

- In accordance with the Decision of the Banking Regulation and Supervision Agency dated 31 January 2023 and numbered 10496, the Central Bank's foreign exchange buying rate of 31 December 2022 was used while calculating the valued amounts in foreign currency in calculating the amount subject to credit risk.
- Within the framework of the regulation dated December 21, 2021, No. 9996, if the net valuation differences of the securities held by banks in the portfolio of “Financial Assets at Fair Value through Other Comprehensive Income” are negative, these differences may not be taken into consideration in the calculation of equity amount. The said exception was not used in the calculation of equity on 30 September 2023.

As of 30 September 2023, the Parent Bank's total regulatory capital has been calculated as TL 375.731.494 (31 December 2022: TL 255.818.605), capital adequacy ratio is 15,51% (31 December 2022: 15,78%). This ratio is well above the minimum ratio required by the legislation.

1. Information Related to The Components of Shareholders' Equity

	Current Period 30 September 2023	Prior Period 31 December 2022
ÇEKİRDEK SERMAYE		
COMMON EQUITY TIER 1 CAPITAL	84.600.000	34.900.000
Paid-in capital following all debts in terms of claim in liquidation of the Bank	-	-
Share issue premiums	122.398.553	74.732.663
Reserves	66.492.983	72.993.953
Gains recognized in equity as per TAS	63.139.549	47.416.520
Profit	61.723.653	46.462.121
Current Period Profit	1.415.896	954.399
Prior Period Profit	824.071	279.341
Shares acquired free of charge from subsidiaries, affiliates and entities under common control and cannot be recognized within profit for the period	803	1.986
Minority Interest	337.455.959	230.324.463
Common Equity Tier 1 Capital Before Deductions		
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	27.083.539	19.920.751
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	716.236	154.357
Improvement costs for operating leasing	-	-
Goodwill (net of related tax liability)	3.879.826	2.766.382
Other intangibles other than mortgage-servicing rights (net of related tax liability)	-	-
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	-	-

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

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

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

	Current Period 30 September 2023	Prior Period 31 December 2022
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	31.679.601	22.841.490
Total Common Equity Tier I Capital	305.776.358	207.482.973
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	43.479.464	30.236.921
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Third parties' share in the secondary capital	-	-
Third parties' share in the secondary capital (Covered by Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	43.479.464	30.236.921
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items to be defined by the BRSA (-)	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier I capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	43.479.464	30.236.921
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	349.255.822	237.719.894
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Third parties' share in the secondary capital	-	-
Third parties' share in the secondary capital (Covered by Temporary Article 3)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	26.554.297	18.123.366
Tier II Capital Before Deductions	26.554.297	18.123.366
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	26.554.297	18.123.366
Total Capital (The sum of Tier I Capital and Tier II Capital)	375.810.119	255.843.260

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

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

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

	Current Period 30 September 2023	Prior Period 31 December 2022
Total Capital and Contribution Capital (Total Equity)	375.810.119	255.843.260
Deductions from Capital Loans granted contrary to the 50th and 51st Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	78.625	24.655
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	375.731.494	255.818.605
Total Risk Weighted Assets	2.422.386.947	1.621.034.385
CAPITAL ADEQUACY RATIOS		
Consolidated CET 1 Capital Ratio (%)	12,62	12,80
Consolidated Tier I Capital Ratio (%)	14,42	14,67
Consolidated Capital Adequacy Ratio (%)	15,51	15,78
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	4,561	4,56
a) Capital conservation buffer requirement (%)	2,50	2,50
b) Bank specific countercyclical buffer requirement (%)	0,061	0,06
c) Higher bank buffer requirement ratio (%) (**)	2	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	8,12	8,30
Amounts Lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	392.324	307.624
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	196.716	135.876
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	11.876.430	5.928.087
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	61.991.246	46.570.632
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	26.554.297	18.123.366
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communicate on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communicate 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	-	-

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

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

2. Items Included in Capital Calculation

Information about instruments included in total capital calculation-Current Period	
Issuer	T.C Ziraat Bankası A.Ş.
Identifier (CUSIP, ISIN vb.)	XS1984644739
Governing law (s) of the instrument	Subject to English Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Communiqué VII-128.8 on Debt Instruments of the Capital Markets Board and the Regulation on Bank Capital of the BRSA.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on consolidated and /or unconsolidated basis	Eligible on unconsolidated and consolidated
Instrument type	Additional Capital Bond Issuance (Tier 1 Capital)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	40.226
Nominal value of instrument (TL million)	40.226
Accounting classification of the instrument	347001-Subordinated Debts
Original date of issuance	24 April 2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Issue date of the instrument	24 April 2019
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	Subject to the approval of the BRSA, a repayment option is available at the end of each 5-year period from the date of issue.
Subsequent call dates, if applicable	24 April 2024
Interest/dividend payment	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	First 5 years fixed 5,076%, next 5 years MS + 5,031% fixed
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	Fully discretionary
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
Convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger(s)	Yes. Article 7 of the Regulation on Bank Capital
If bond can be written-down, full or partial	Has full or partial write down feature
If bond can be written-down, permanent or temporary	Has permanent or temporary write down feature
If temporary write-down, description of write-up mechanism.	Has-write up mechanism
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.

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

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

2. Items Included in Capital Calculation (Continued)

Information about instruments included in total capital calculation-Current Period	
Issuer	Türkiye Wealth Fund.
Identifier (CUSIP, ISIN vb.)	-
Governing law (s) of the instrument	Regulation on Equity of Banks published in the Official Gazette September 5, 2013.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on consolidated and /or unconsolidated basis	Eligible on unconsolidated and /or consolidated
Instrument type	Additional Core Capital
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	2,245
Nominal value of instrument (TL million)	2,877
Accounting classification of the instrument	347000 – Subordinated Loans
Original date of issuance	24 April 2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Issue date of the instrument	24 April 2019
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	Option date is 5 years, (subject to BRSA permission.)
Subsequent call dates, if applicable	-
Interest/dividend payment	
Fixed or floating coupon/dividend payments	None
Coupon rate and any related index	None
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	None
Convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger(s)	In case the Common Core Capital adequacy ratio or consolidated Core Capital adequacy ratio falls below 5.125 percent.
If bond can be written-down, full or partial	Yes
If bond can be written-down, permanent or temporary	Temporary
If temporary write-down, description of write-up mechanism.	It is possible to write up after temporary write down. i. After payments within the scope of Priority Liabilities, ii. Equal (pari passu) among themselves and with all other Co-Liabilities without order of preference, and iii. Prior to all payments under Low-Degree Liabilities
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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

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

2. Items Included in Capital Calculation (Continued)

Information about instruments included in total capital calculation-Current Period	
Issuer	Türkiye Varlık Fonu Yönetimi A.Ş.
Identifier (CUSIP, ISIN vb.)	-
Governing law (s) of the instrument	Regulation on Equity of Banks published in the Official Gazette on 5 September 2013
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on consolidated and /or unconsolidated basis	Eligible on unconsolidated and /or consolidated
Instrument type	Additional Core Capital
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	1,009
Nominal value of instrument (TL million)	1,641
Accounting classification of the instrument	347000 – Subordinated Loans
Original date of issuance	9 March 2022
Maturity structure of the instrument (perpetual/dated)	Demand Deposit
Issue date of the instrument	9 March 2022
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	Option date is 5 years, (subject to BRSA permission.)
Subsequent call dates, if applicable	-
Interest/dividend payment	
Fixed or floating coupon/dividend payments	None
Coupon rate and any related index	None
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	None
Convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger(s)	In case the Common Core Capital adequacy ratio or consolidated Core Capital adequacy ratio falls below 5.125 percent
If bond can be written-down, full or partial	Yes
If bond can be written-down, permanent or temporary	Temporary
If temporary write-down, description of write-up mechanism.	It is possible to write up after temporary write down i. After payments within the scope of Priority Liabilities, ii. Equal (pari passu) among themselves and with all other Co-Liabilities without order of preference, and iii. Prior to all payments under Low Degree Liabilities
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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

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

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

	Current Period	Prior Period
Balance Sheet - Equity	314.252.976	214.081.750
Operational Leasing Development Costs	(716.236)	(154.357)
Goodwill and Other Intangible Assets and Related Deferred Taxes Liabilities	(3.879.826)	(2.766.382)
TIER 2 Capital (Provisions)	26.554.297	18.123.366
Debt Instruments and the Related Issuance Premiums Defined by the BRSA TIER 2 Capital (Provisions)	43.479.464	30.236.921
Other deductions from common equity	(78.625)	(24.655)
Minority interest	(3.880.556)	(3.678.038)
Other regulations	-	-
Amount recognized in regulatory capital	375.731.494	255.818.605

II. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK

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

The Parent Bank’s policy is to avoid carrying significant position by means of foreign currency management. Risks are monitored by the currency risk tables prepared based on the standard method. Besides, Value at Risk (VAR) is calculated for daily foreign exchange position and reported to the related departments. VAR based currency risk limit approved by the Board of Directors is also monitored on daily basis. Additionally, dealer’s position and operational limits for foreign exchange transactions are under the authorization of the Board of Directors.

2. Hedge Against Foreign Exchange Debt Instruments and Net Foreign Exchange Investments by Hedging Derivative Instruments, if Material

None.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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

II. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK (Continued)

3. Management Policy for Foreign Currency Risk

Periodic “Liquidity Gap Analysis” and “Repricing Gap Analysis” to determine the liquidity and structural interest rate risks in the US Dollar and Euro, which are the most important foreign currencies in which the Parent Bank operates, and the historical renewal rates of foreign exchange deposit accounts. “Structural Liquidity Gap Analysis” is performed. In addition, daily VAR analysis for the follow-up of the currency risk and within the scope of legal reporting, Foreign Currency Net General Position/Equity Standard Ratio and Foreign Currency Liquidity Position are regularly monitored. The Parent Bank manages the Turkish Lira or foreign currency risks that may occur in domestic and international markets and follow the transactions that create these risks and manages these risks at the optimum level within the framework of market expectations and within the scope of its strategies by considering the balance with other financial risks. Sensitivity analysis regarding the currency risk that the Group is exposed to is explained in Note 6.

4. Current Foreign Exchange Bid Rates of The Parent Bank for The Last 5 Business Days Prior to The Financial Statement Date

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
22.09.2023	26,9477	28,7217	17,4075	3,8523	2,4258	29,7585	20,0327	2,5139	33,0577	7,1845	18,1969
25.09.2023	26,9911	28,5473	17,2939	3,8293	2,4421	29,5536	20,0148	2,4975	32,9193	7,1959	18,1270
26.09.2023	27,0476	28,6167	17,3506	3,8383	2,4572	29,6020	20,0480	2,5063	32,9072	7,2104	18,1741
27.09.2023	27,0888	28,4762	17,2753	3,8195	2,4569	29,4696	20,0435	2,5171	32,8637	7,2218	18,1275
28.09.2023	27,1999	28,6743	17,4138	3,8460	2,4788	29,6325	20,1232	2,5315	33,1122	7,2381	18,1796
29.09.2023	27,1969	28,7325	17,5256	3,8536	2,4959	29,6889	20,0778	2,5431	33,1329	7,2373	18,1967

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

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
	26,5289	28,8635	17,3681	3,8735	2,4547	30,0314	19,7820	2,5312	33,5726	7,0729	18,3639

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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

II. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK (Continued)

6. Information on The Foreign Currency Risk of The Group

	EUR	USD	Other FC	Total
Current Period				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Türkiye	146.898.758	162.271.362	47.632.807	356.802.927
Banks ⁽⁷⁾	16.043.403	23.602.116	17.016.799	56.662.318
Financial Assets at Fair Value Through Profit and Loss	-	2.532.641	44.573.528	47.106.169
Money Markets Receivables	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	20.444.858	274.691.117	759.615	295.895.590
Loans ^{(1) (6)}	297.851.258	308.068.720	21.865.695	627.785.673
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures)	-	945.790	35.112	980.902
Financial Assets Measured at Amortised Cost	54.850.059	15.055.547	225.774	70.131.380
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	1.665.385	11.975	2.061.603	3.738.963
Intangible Assets	88.492	13.887	177.103	279.482
Other Assets ⁽³⁾	2.107.305	4.796.863	819.329	7.723.497
Total Assets ⁽⁴⁾	539.949.518	791.990.018	135.167.365	1.467.106.901
Liabilities				
Interbank Deposits	34.272.342	9.170.588	4.450.903	47.893.833
Foreign Currency Deposits	497.585.396	493.187.993	189.261.976	1.180.035.365
Money Market Borrowings	21.614.944	68.781.181	-	90.396.125
Funds Provided from Other Financial Institutions	61.453.482	82.205.244	918.824	144.577.550
Issued Marketable Securities ⁽⁵⁾	41.087.935	36.487.777	1.581.391	79.157.103
Miscellaneous Payables	4.042.495	2.017.775	436.537	6.496.807
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	10.111.334	12.998.310	1.738.520	24.848.164
Total Liabilities	670.167.928	704.848.868	198.388.151	1.573.404.947
Net Balance Sheet Position	(130.218.410)	87.141.150	(63.220.786)	(106.298.046)
Net Off-Balance Sheet Position ⁽²⁾	139.463.133	(71.790.451)	83.411.520	151.084.202
Financial Derivative Assets	170.236.088	232.984.775	91.009.054	494.229.917
Financial Derivative Liabilities	30.772.955	304.775.226	7.597.534	343.145.715
Non-Cash Loans	169.167.956	259.754.318	40.555.543	469.477.817
Prior Period				
Total Assets	351.764.911	672.879.650	100.562.158	1.125.206.719
Total Liabilities	480.222.914	554.576.450	134.837.100	1.169.636.464
Net Balance Sheet Position	(128.458.003)	118.303.200	(34.274.942)	(44.429.745)
Net Off-Balance Sheet Position ⁽²⁾	128.642.563	(117.581.650)	44.630.485	55.691.398
Financial Derivative Assets	158.343.592	131.879.951	49.706.652	339.930.195
Financial Derivative Liabilities	29.701.029	249.461.601	5.076.167	284.238.797
Non-Cash Loans	107.332.041	167.451.521	26.111.429	300.894.991

(1) TL 99.742 (31 December 2022: TL 116.426) equivalent of loans granted is USD and TL 45.233 (31 December 2022: TL 80.193) equivalent of EUR balance is caused by foreign currency indexed loans

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

(3) Prepaid expenses in other assets amounting to TL 269.155 are not included in the table. (December 31: Prepaid expenses amounting to TL 79.997 in other assets are not included in the table).

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

(5) Includes subordinated debt instruments.

(6) Includes receivables from rental transactions.

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

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

II. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK (Continued)

7. Information on the Foreign Currency Risk of the Group (Continued)

Analysis of Sensitivity to Currency Risk

The effect of 10% depreciation of TL against the USD, Euro and other currencies on the equity and profit or loss statement (excluding tax effects) for the nine-month accounting periods ending on 30 September 2023 and 30 September 2022 is shown in the table below.

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

	Current Period - 30 September 2023		Prior Period - 30 September 2022	
	Profit/Loss Statement	Equity (*)	Profit/Loss Statement	Equity (*)
USD	2.881.362	2.397.496	(717.876)	(1.108.179)
EUR	(377.324)	(881.981)	77.084	(436.624)
Other currencies	928.230	928.230	506.893	506.893
Total (Net) (**)	3.432.268	2.443.745	(133.900)	(1.037.910)

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

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

The effect of 10% appreciation of TL against the USD, Euro and other currencies on the equity and profit or loss statement (excluding tax effects) for nine-month accounting periods ending on 30 September 2023 and 30 September 2022 is shown in the table below:

	Current Period – 30 September 2023		Prior Period – 30 September 2022	
	Profit/Loss Statement	Equity (*)	Profit/Loss Statement	Equity (*)
USD	(2.881.362)	(2.397.496)	717.876	1.108.179
EUR	377.324	881.981	(77.084)	436.624
Other currencies	(928.230)	(928.230)	(506.893)	(506.893)
Total (Net) (**)	(3.432.268)	(2.443.745)	133.900	1.037.910

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

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

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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 Türkiye	186.455.337	-	-	-	-	356.162.828	542.618.165
Banks ⁽⁸⁾	17.210.364	1.344.072	466.076	-	-	39.059.906	58.080.418
Financial Assets at Fair Value Through Profit and Loss	467.868	55.115	32.331.267	12.366.139	26.716	12.495.527	57.742.632
Money Markets Receivables	3.979.749	-	-	-	-	-	3.979.749
Financial Assets at Fair Value Through Other Comprehensive Income	13.279.275	78.262.022	186.493.982	162.549.139	109.047.238	2.782.609	552.414.265
Loans Given ^{(3) (7)}	743.487.345	370.639.773	355.927.891	503.079.038	118.307.030	4.942.549	2.096.383.626
Financial Assets Measured at Amortised Cost	33.301.997	7.080.704	135.964.016	64.331.367	80.686.825	-	321.364.909
Other Assets ⁽²⁾	3.677.370	7.571.152	276.997	319.611	56.470	125.159.555	137.061.155
Total Assets ^{(1) (5)}	1.001.859.305	464.952.838	711.460.229	742.645.294	308.124.279	540.602.974	3.769.644.919
Liabilities							
Interbank Deposits	98.249.718	18.457.645	253.211	-	-	11.703.349	128.663.923
Other Deposits	1.189.628.289	493.569.357	187.382.322	18.180.761	1.449.472	909.218.436	2.799.428.637
Money Market Borrowings	75.390.578	31.050.942	4.360.356	27.411.261	-	-	138.213.137
Miscellaneous Payables	55.045	201	774	4.520	907	50.414.608	50.476.055
Issued Marketable Securities ⁽⁶⁾	993.419	6.449.560	41.005.116	35.232.794	-	-	83.680.889
Funds Provided from Other Financial Institutions	64.432.676	53.982.647	14.429.984	11.401.065	1.422.085	47.179	145.715.636
Other Liabilities ^{(4) (6)}	14.278.400	2.850.508	204.090	3.062.258	1.333.797	401.737.589	423.466.642
Total Liabilities ⁽¹⁾	1.443.028.125	606.360.860	247.635.853	95.292.659	4.206.261	1.373.121.161	3.769.644.919
Balance Sheet Long Position	-	-	463.824.376	647.352.635	303.918.018	-	1.415.095.029
Balance Sheet Short Position	(441.168.820)	(141.408.022)	-	-	-	(832.518.187)	(1.415.095.029)
Off-Balance Sheet Long Position	-	1.832.587	1.288	-	-	-	1.833.875
Off-Balance Sheet Short Position	(2.942.467)	-	-	-	(1.015.345)	(31.261)	(3.989.073)
Total Position	(444.111.287)	(139.575.435)	463.825.664	647.352.635	302.902.673	(832.549.448)	(2.155.198)

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

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

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

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

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

(6) Includes subordinated debt instruments.

(7) Includes receivables from leasing transactions.

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

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

III. EXPLANATIONS ON THE 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 Türkiye	38.048.117	-	-	-	-	365.898.630	403.946.747
Banks	7.406.743	1.386.519	189.938	-	-	19.658.732	28.641.932
Financial Assets at Fair Value Through Profit and Loss	95.350	73.869	95.397	29.811.195	18.934	5.980.371	36.075.116
Money Markets Receivables	5.380.282	-	-	-	-	902.708	6.282.990
Financial Assets at Fair Value Through Other Comprehensive Income	97.093.862	22.095.922	127.886.487	90.544.173	75.741.323	2.137.240	415.499.007
Loans Given ⁽³⁾⁽⁷⁾	464.070.869	159.943.524	323.653.579	332.695.588	108.908.131	3.373.418	1.392.645.109
Financial Assets Measured at Amortised Cost	2.731.393	50.061.035	22.894.015	63.440.978	26.255.072	-	165.382.493
Other Assets ⁽²⁾	4.809.498	2.350.830	2.072.668	386.820	71.640	94.957.263	104.648.719
Total Assets ⁽¹⁾⁽⁵⁾	619.636.114	235.911.699	476.792.084	516.878.754	210.995.100	492.908.362	2.553.122.113
Liabilities							
Interbank Deposits	51.668.178	10.298.806	9.160.162	39.629	-	9.315.628	80.482.403
Other Deposits	826.643.143	286.581.492	120.844.849	8.374.970	1.215.724	616.166.491	1.859.826.669
Money Market Borrowings	57.723.585	20.373.383	6.970.742	7.550.978	-	-	92.618.688
Miscellaneous Payables	-	-	-	-	-	37.724.077	37.724.077
Issued Marketable Securities ⁽⁶⁾	1.668.805	4.096.385	12.089.962	42.899.866	-	-	60.755.018
Funds Provided from Other Financial Institutions	26.663.592	47.326.727	26.093.701	11.595.664	3.732.349	-	115.412.033
Other Liabilities ⁽⁴⁾⁽⁶⁾	6.855.318	716.109	1.869.030	871.365	562.350	295.429.053	306.303.225
Total Liabilities ⁽¹⁾	971.222.621	369.392.902	177.028.446	71.332.472	5.510.423	958.635.249	2.553.122.113
Balance Sheet Long Position	-	-	299.763.638	445.546.282	205.484.677	-	950.794.597
Balance Sheet Short Position	(351.586.507)	(133.481.203)	-	-	-	(465.726.887)	(950.794.597)
Off-Balance Sheet Long Position	3.604.188	2.684.526	262.625	-	-	-	6.551.339
Off-Balance Sheet Short Position	-	-	-	-	(1.015.345)	(13.650)	(1.028.995)
Total Position	(347.982.319)	(130.796.677)	300.026.263	445.546.282	204.469.332	(465.740.537)	5.522.344

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

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

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

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

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

⁽⁶⁾ Includes subordinated debt instruments.

⁽⁷⁾ Includes receivables from rental transactions.

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

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

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

	EUR	USD	JPY	TL
Current Period				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Türkiye	-	-	-	-
Banks	3,78	5,97	-	-
Financial Assets at Fair Value Through Profit or Loss	-	5,36	-	-
Money Markets Receivables	-	-	-	41,18
Financial Assets at Fair Value Through Other Comprehensive Income	3,71	6,17	-	24,60
Loans Given ⁽¹⁾	7,36	8,77	-	21,63
Financial Assets Measured at Amortized Cost	4,58	8,39	-	15,54
Liabilities				
Interbank Deposits	4,57	5,00	-	31,80
Other Deposits	0,89	3,18	-	27,22
Money Markets Borrowings	6,90	7,47	-	31,28
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities ⁽²⁾	5,08	6,75	-	16,90
Funds Provided from Other Financial Institutions	6,59	7,65	-	25,56

⁽¹⁾ Credit card loan balances are not included.

⁽²⁾ Subordinated debt instruments are included.

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

⁽¹⁾ Credit card loan balances are not included.

⁽²⁾ Subordinated debt instruments are included.

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

IV. EXPLANATIONS ON THE POSITION RISK OF CONSOLIDATED EQUITY INSTRUMENTS

1. Equity Instruments Position Risk Derived from Banking Books

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

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 ⁽¹⁾	1.137.119	1.137.119	-

⁽¹⁾ The mentioned stock investments are not traded on the stock exchange and there is no stock market price since they are not publicly traded.

Investments in Equity Instruments – Prior Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	-	-	-
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 ⁽¹⁾	987.208	987.208	-

⁽¹⁾ The mentioned stock investments are not traded on the stock exchange and there is no stock market price since they are not publicly traded.

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

The investments in equity instruments, partaking in banking accounts according to the credit risk standard method, are amounted TL 1.137.119 and all of them are 100% risk weighted (31 December 2022: are amounted TL 987.208 and all of them are 100% risk weighted)

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

Portfolio	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss		
		Total	Included in Supplementary Capital	Total	Included in Main Capital	Included in Supplementary Capital
1. Private Capital Investments	-	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	-	-	-
3. Other Stocks	-	623.287	623.287	-	-	-
Total	-	623.287	623.287	-	-	-

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

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

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

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

1. Liquidity Risk

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

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

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

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

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

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

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

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

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

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

1. Liquidity Risk (Continued)

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

The 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 and the granular structure of the deposits. Besides, in order to increase the diversification of funds and decrease the maturity gap between assets and liabilities, non-deposit funds such as bond/bill issuances, repo transactions and funds borrowed are executed.

Explanation regarding the usage of the stress test

In the presence of unexpected negative circumstances, periodical stress tests being done in order to test the endurance of the parent bank. These actions have been shared with key management of the Bank and all related units for the purpose of taking necessary precautions. Additionally, stress tests also taken into consideration on subjects like the 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 monitored 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 by Board of Directors and within the frame of “Regulation on Risk Management, Stress Test Program and ICAAP Regulations”. In addition, matters related to liquidity and financial emergency management have been identified.

2. Liquidity Coverage Ratio

Within the framework of "Regulation on Calculation of Liquidity Covered Rate of Banks" published in the Official Gazette dated 21 March 2014 and numbered 28948 by the BRSA, the Parent Bank calculates the liquidity coverage ratio and transmits unconsolidated on weekly and consolidated on monthly basis to the BRSA. Within the last 3 months the consolidated lowest rate are as follows:

Current Period – 30 September 2023

Liquidity Coverage Ratio	FC		TL+FC	
	Date	Ratio	Date	Ratio
	July 2023	544,18	July 2023	155,77
	August 2023	506,71	August 2023	174,14
	September 2023	406,37	September 2023	170,31

Prior Period – 31 December 2022

Liquidity Coverage Ratio	FC		TL+FC	
	Date	Ratio	Date	Ratio
	October 2022	363,66	October 2022	179,92
	November 2022	410,45	November 2022	189,99
	December 2022	435,7	December 2022	194,62

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

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

2. Liquidity Coverage Ratio (Continued)

Current Period	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			887.114.985	467.388.036
CASH OUTFLOWS				
Retail and Small Business Customers, of which;	1.609.376.151	755.452.395	142.874.457	75.543.232
Stable deposits	361.263.172	40.142	18.063.159	2.007
Less stable deposits	1.248.112.979	755.412.253	124.811.298	75.541.225
Unsecured wholesale funding, of which;	1.052.383.521	437.125.624	502.628.508	211.286.083
Operational deposit	48.937.810	12.919.808	12.191.633	3.187.132
Non-operational deposits	849.475.559	363.303.844	365.041.092	148.283.398
Other unsecured funding	153.970.152	60.901.972	125.395.783	59.815.553
Secured funding			-	-
Other cash outflows, of which;	507.626.624	57.427.576	66.520.350	34.406.508
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	24.295.123	29.308.276	24.295.123	29.308.276
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	483.331.501	28.119.300	42.225.227	5.098.232
Other revocable off-balance sheet commitments and contractual obligations	54.486.876	54.486.876	2.724.344	2.724.344
Other irrevocable or conditionally revocable off-balance sheet obligations	243.898.684	153.358.672	13.525.120	7.667.934
TOTAL CASH OUTFLOWS			728.272.779	331.628.101
CASH INFLOWS				
Secured lending	-	-	-	-
Unsecured lending	223.255.815	109.679.163	164.428.892	93.816.975
Other cash inflows	32.454.913	154.507.276	32.426.467	154.478.816
TOTAL CASH INFLOW	255.710.728	264.186.439	196.855.359	248.295.791
			Upper Limit Applied Amounts	
TOTAL HQLA STOCK			887.114.985	467.388.036
TOTAL NET CASH OUTFLOWS			531.417.419	83.332.310
LIQUIDITY COVERAGE RATIO (%)			166,93	560,87

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

Prior Period	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			705.756.623	460.311.702
CASH OUTFLOWS				
Retail and Small Business Customers, of which;	1.007.872.426	548.849.632	90.416.451	54.883.503
Stable deposits	207.415.835	29.214	10.370.792	1.461
Less stable deposits	800.456.591	548.820.418	80.045.659	54.882.042
Unsecured wholesale funding, of which;	758.643.744	358.274.285	348.437.665	170.001.407
Operational deposit	33.907.001	6.853.366	8.425.176	1.661.768
Non-operational deposits	630.467.392	308.542.116	265.000.856	126.428.533
Other unsecured funding	94.269.351	42.878.803	75.011.633	41.911.106
Secured funding			-	-
Other cash outflows, of which;	228.595.424	38.687.464	32.179.698	24.553.084
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	17.014.572	21.207.751	17.014.572	21.207.751
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	211.580.852	17.479.713	15.165.126	3.345.333
Other revocable off-balance sheet commitments and contractual obligations	32.216.626	32.216.626	1.610.831	1.610.831
Other irrevocable or conditionally revocable off-balance sheet obligations	161.218.935	104.884.625	9.220.927	5.244.231
TOTAL CASH OUTFLOWS			481.865.571	256.293.056
CASH INFLOWS				
Secured lending	-	-	-	-
Unsecured lending	151.525.343	67.844.985	103.090.462	49.871.192
Other cash inflows	4.030.649	91.420.876	3.985.252	91.375.479
TOTAL CASH INFLOW	155.555.992	159.265.861	107.075.714	141.246.671
			Upper Limit Applied Amounts	
TOTAL HQLA STOCK			705.756.623	460.311.702
TOTAL NET CASH OUTFLOWS			374.789.858	115.046.385
LIQUIDITY COVERAGE RATIO (%)			188,31	400,11

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

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

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

3. Explanations on Liquidity Coverage Ratio

Important points affecting the results of liquidity coverage ratio and the changes of the considered items in the course of time to calculate this ratio

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

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

Bonds and bills in the securities portfolio are being used in repo transactions as collateral. Since the securities used in repo transactions lose the characteristic of being free, in accordance with that securities can be used as collateral, liquidity coverage ratio is affected.

The content of high-quality liquid assets

All of the high-quality liquid assets in the calculation of liquidity coverage ratio are first quality liquid assets. These are cash, the accounts in Central Bank, reserve requirements and securities portfolio (the important part of bonds and T-bills issued by Republic of Türkiye Ministry of Treasury and Finance and other bonds).

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

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

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

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

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

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

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

The needed and surplus of liquidity of the branches in foreign countries of the 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.

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 public disclosure template.

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

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

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ⁽¹⁾	Total
Current Period								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Türkiye	283.543.198	259.074.967	-	-	-	-	-	542.618.165
XI ¹ Banks ⁽⁵⁾	39.059.906	17.262.564	1.291.872	466.076	-	-	-	58.080.418
Financial Assets at Fair Value Through Profit and Loss	698.195	467.868	55.115	32.331.267	12.366.139	26.716	11.797.332	57.742.632
Money Markets Receivables	-	3.979.749	-	-	-	-	-	3.979.749
Financial Assets at Fair Value Through Other Comprehensive Income	-	3.836.423	22.483.106	115.661.582	284.671.566	124.569.045	1.192.543	552.414.265
Loans Given	-	99.857.925	257.090.034	836.095.765	681.878.427	216.518.926	4.942.549	2.096.383.626
Investments Held-to-Maturity	-	4.400.724	1.756.912	96.790.559	101.992.302	116.424.412	-	321.364.909
Other Assets	50.238.311	3.677.370	7.571.152	276.997	319.612	56.471	74.921.242	137.061.155
Total Assets⁽²⁾	373.539.610	392.557.590	290.248.191	1.081.622.246	1.081.228.046	457.595.570	92.853.666	3.769.644.919
Liabilities								
Interbank Deposits	11.703.348	98.249.714	18.457.646	253.215	-	-	-	128.663.923
Other Deposits	909.218.436	1.189.617.462	493.534.886	187.307.795	18.295.971	1.454.087	-	2.799.428.637
Funds Provided from Other Financial Institutions	-	6.646.415	5.376.969	56.496.190	65.916.474	11.279.588	-	145.715.636
Money Markets Borrowings	-	75.390.578	31.050.942	4.360.356	27.411.261	-	-	138.213.137
Issued Marketable Securities ⁽³⁾	-	993.419	6.449.560	41.005.116	35.232.794	-	-	83.680.889
Miscellaneous Payables	10.727.759	37.350.446	201	774	4.520	908	2.391.447	50.476.055
Other Liabilities ⁽⁵⁾	55.353.696	17.881.645	19.060.555	204.090	3.062.258	8.627.554	319.276.844	423.466.642
Total Liabilities	987.003.239	1.426.129.679	573.930.759	289.627.536	149.923.278	21.362.137	321.668.291	3.769.644.919
Liquidity Gap	(613.463.629)	(1.033.572.089)	(283.682.568)	791.994.710	931.304.768	436.233.433	(228.814.625)	-
Net Off-Balance Sheet Position								
Financial Derivative Assets	-	301.275.456	129.448.789	5.821.654	1.752.463	4.759.458	-	443.057.820
Financial Derivative Liabilities	-	304.250.004	132.357.232	5.866.208	1.775.334	1.015.345	-	445.264.123
Non-cash Loans	271.701.291	17.121.957	57.430.809	198.448.444	137.813.471	74.357.454	-	756.873.426
Prior Period								
Total Assets	254.499.995	325.663.406	179.729.788	671.023.761	700.153.975	351.328.777	70.722.411	2.553.122.113
Total Liabilities	688.333.099	967.191.973	337.649.780	201.700.368	101.812.535	19.343.118	237.091.240	2.553.122.113
Liquidity Gap	(433.833.104)	(641.528.567)	(157.919.992)	469.323.393	598.341.440	331.985.659	(166.368.829)	-
Net Off-Balance Sheet Position								
Financial Derivative Assets	-	217.080.558	79.987.344	14.378.870	2.369.535	3.272.238	-	317.088.545
Financial Derivative Liabilities	-	214.002.348	80.064.120	14.115.586	2.369.535	1.015.345	-	311.566.934
Non-cash Loans	129.374.760	17.327.045	48.622.420	155.246.177	94.685.727	16.473.798	-	461.729.927

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

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

(3) Includes subordinated debt instruments.

(4) Includes receivables from rental transactions.

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

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

VI. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO

1. Explanations on Issues that Cause Differences Between Leverage Ratios

The Group’s leverage calculated by force of the regulation “Regulation on Measurement and Assessment of Leverage Ratios of Banks” is 6,99% (31 December 2022: 7,12%). The regulation sentenced the minimum leverage ratio as 3%.

Balance sheet assets	Current Period (*)	Prior Period (*)
On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	3.662.150.078	2.442.705.557
(Assets deducted in determining Tier 1 capital)	(27.821.206)	(24.795.544)
Total on-balance sheet risks (sum of lines 1 and 2)	3.634.328.872	2.417.910.013
Derivative financial instruments and credit derivatives		
Replacement cost associated with all derivative financial instruments and credit derivatives	11.655.301	8.528.403
Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	11.972.255	7.724.823
Total risks of derivative financial instruments and credit derivatives	23.627.556	16.253.226
Securities or commodity financing transactions (SCFT)		
Risks from SCFT assets (Excluding the balance sheet)	79.872.830	54.738.885
Risks from brokerage activities related exposures	-	-
Total risks related with securities or commodity financing transactions	79.872.830	54.738.885
Other off-balance sheet transactions		
Gross notional amounts of off-balance sheet transactions	1.301.556.494	702.194.547
(Adjustments for conversion to credit equivalent amounts)	(46.315.936)	(27.990.411)
Total risks of off-balance sheet items	1.255.240.558	674.204.136
Capital and total risks		
Tier 1 capital	348.914.433	225.438.413
Total risks	4.993.069.816	3.163.106.260
Leverage ratio		
Leverage ratio %	6,99	7,12

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

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

	Current Period (*)	Prior Period (*)
Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards (**)	3.769.989.876	2.553.175.374
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”	344.957	53.261
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	1.012.118.752	731.715.641
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	90.426.896	62.450.262
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	46.315.936	27.990.411
Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amount of such items	(158.644.425)	(108.660.745)
Total risk amount	4.993.069.817	3.163.106.260

(*) The amounts in the table show 3-month averages.

(**) The current year balance of the Consolidated Financial Statements prepared in accordance with paragraph 6 of Article 5 of the Communiqué on Preparation of Consolidated Financial Statements of Banks has been prepared by using the temporary financial statements dated 30 September 2023 of the nonfinancial subsidiaries.

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

VII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT

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

1. Explanations on Risk Management and Risk Weighted Amount

Overview of Risk Weighted Amounts

		Risk Weighted Amount		Minimum capital Requirement
		Current Period	Prior Period	Current Period
1	Credit Risk (excluding counterparty credit risk)	2.084.529.580	1.419.608.937	166.762.366
2	Standardised approach	2.084.529.580	1.419.608.937	166.762.366
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	37.842.363	27.959.366	3.027.389
5	Standardised approach for counterparty credit risk	37.842.363	27.959.366	3.027.389
6	Internal model method	-	-	-
7	Basic risk weight approach to internal model's equity position in the banking account	-	-	-
8	Investments made in collective investment companies-look through approach	-	-	-
9	Investments made in collective investment companies-mandate-based approach	1.971.847	2.300.996	157.748
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	155.292.882	109.408.827	12.423.431
17	Standardised approach	155.292.882	109.408.827	12.423.431
18	Internal model approaches	-	-	-
19	Operational risk	142.750.275	61.756.259	11.420.022
20	Basic Indicator approach	142.750.275	61.756.259	11.420.022
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	2.422.386.947	1.621.034.385	193.790.956

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

VIII. EXPLANATIONS ON HEDGING PROCEDURES

Along with the financial risk hedge accounting, the Parent Bank applies net investment hedging in order to hedge its investments abroad, which are included in the consolidated financial statements. The effective part of the fair value change of the hedging instrument in the net investment hedging transaction has been accounted for in the "Other Accumulated Comprehensive Income or Expenses to be Reclassified to Profit or Loss" under equity.

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

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

The Parent Bank implements a net investment hedging strategy in order to avoid the exchange rate risk arising from the net investment value of its subsidiary Ziraat Bank International AG, Ziraat Bank BH dd and Ziraat Bank Montenegro AD. The deposit in Euro supplied by the Parent Bank from the customers has been defined as a "hedging instrument".

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items	Ineffective Portion
FC Deposit (EUR)	EUR Capital Amounts Allocated to Foreign Partnerships	Foreign exchange rate risk	(6.814.977)	6.814.977	-

IX. 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 commercial 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 and benefit from the services undertaken as being a state bank. By "Anahtar" IT system, which is working in a centralized manner, the Parent Bank has the technical infrastructure required by modern banking to meet its clients' needs.

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

IX. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS (Continued)

In the context of corporate and commercial banking, the Group allocates working capital loans, mid-term and long-term investment loans, foreign trade financing loans, letter of credits and guarantees in Turkish Lira and foreign currencies; renders project financing, other corporate finance related services, foreign exchange transactions and banking services to large-scale corporate clients and middle-small scale enterprises.

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

Treasury transactions and international banking activities are conducted by Treasury Management and International Banking Group and, spot and forward TL, foreign currency, precious metal, securities, derivative transactions are executed in local and international organized and over the counter money and capital markets. Also, the Parent Bank's liquidity and securities portfolio management, deposit and non-deposit funding management activities are being executed. Additionally, the distribution of treasury products to branches and other channels for marketing purposes and the intermediation to the customers' trade finance are other responsibilities. The Parent Bank acts as an intermediary for sale and purchase of securities, for public offerings as an agency of Ziraat Yatırım Menkul Değerler A.Ş. and for transaction of mutual funds founded by Ziraat Portföy Yönetimi A.Ş. and other portfolio management companies. It also provides custody service for these financial instruments and besides, long term financing from banks and international financial institutions, issuing bonds in local and international markets, managing relationship with correspondent banks 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 30 September 2023, explanations on segment reporting as shown on the following page are in line with Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

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

IX. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS (Continued)

1. Table for Segment Reporting

Current Period	Retail Banking	Corporate/ Commercial banking	Specialized Banking	Treasury/ Investment Banking	Other	Total
OPERATING INCOME/EXPENSE						
Interest Income	29.326.540	93.792.512	38.017.589	119.224.359	6.399.567	286.760.567
Interest Expenses	84.075.013	77.573.953	-	28.548.730	3.119.510	193.317.206
Net Interest Income/Expense	(54.748.473)	16.218.559	38.017.589	90.675.629	3.280.057	93.443.361
Net Fees and Commission Income/Expense	16.005.163	9.258.843	1.006.103	(7.015.533)	5.931.267	25.185.843
Dividend Income	-	-	-	13.204	-	13.204
Trading Profit / Loss (Net)	-	-	-	26.523.272	610.742	27.134.014
Other Operating Income	72.764	3.946.432	124.928	(284.908)	27.002.554	30.861.770
Provision for Expected Loss (-)	4.237.052	17.594.979	5.767.576	28.561	1.774.784	29.402.952
Other Expenses	13.987.785	619.730	685.918	91.808	55.381.095	70.766.336
Net Operating Profit / Loss	(56.895.383)	11.209.125	32.695.126	109.791.295	(20.331.259)	76.468.904
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	105.758	37.427	143.185
Tax Provision	-	-	-	-	(14.841.085)	(14.841.085)
Net Profit / Loss	(56.895.383)	11.209.125	32.695.126	109.897.053	(35.134.917)	61.771.004
SEGMENT ASSETS						
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	57.742.632	-	57.742.632
Banks and Receivables from Money Markets	-	-	-	62.060.167	-	62.060.167
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	552.414.265	-	552.414.265
Loans	317.686.755	1.193.804.368	427.104.614	157.784.671	3.218	2.096.383.626
Financial Assets Measured at Amortized Cost (Net)	-	-	-	321.364.909	-	321.364.909
Derivative Financial Assets	-	-	-	9.997.115	-	9.997.115
Associates, Subsidiaries and Entities under Common Control	-	-	-	3.504.247	-	3.504.247
Other Assets	77.064	9.010.083	91.509	470.195.732	186.803.570	666.177.958
Total Segment Assets	317.763.819	1.202.814.451	427.196.123	1.635.063.738	186.806.788	3.769.644.919
SEGMENT LIABILITIES						
Deposits	1.830.662.234	830.862.664	-	128.750.861	137.816.801	2.928.092.560
Derivative Financial Liabilities Held for Trading	-	-	-	7.773.570	-	7.773.570
Funds Borrowed	-	-	-	145.715.636	-	145.715.636
Money Markets Borrowing	38.122	47.371.362	-	90.803.653	-	138.213.137
Securities Issued (Net)	-	-	-	42.592.954	-	42.592.954
Provisions	6.554	10.177.529	-	2.016	31.145.604	41.331.703
Other Liabilities	-	-	-	-	151.672.383	151.672.383
Shareholders' Equity	-	-	-	-	314.252.976	314.252.976
Total Segment Liabilities	1.830.706.910	888.411.555	-	415.638.690	634.887.764	3.769.644.919

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

IX. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS (Continued)

1. Table for Segment Reporting (Continued)

Prior Period	Retail Banking	Corporate/ Commercial banking	Specialized Banking	Treasury/ Investment Banking	Other	Total
OPERATING INCOME/EXPENSE						
Interest Income	19.789.533	50.570.735	16.059.387	77.200.854	564.139	164.184.648
Interest Expenses	30.200.153	22.243.963	-	19.002.403	3.878.647	75.325.166
Net Interest Income/Expense	(10.410.620)	28.326.772	16.059.387	58.198.451	(3.314.508)	88.859.482
Net Fees and Commission Income/Expense	6.048.200	4.903.074	325.091	(3.288.938)	1.712.678	9.700.105
Dividend Income	-	-	-	28.207	-	28.207
Trading Profit / Loss (Net)	-	-	-	1.817.554	233.614	2.051.168
Other Operating Income	45.394	2.598.863	86.387	7.923	5.109.577	7.848.144
Provision for Expected Loss (-)	2.435.673	10.858.101	2.188.127	2.863.213	26.068.118	44.413.232
Other Expenses	3.943.597	675.469	190.527	-	14.450.599	19.260.192
Net Operating Profit / Loss	(10.696.296)	24.295.139	14.092.211	53.899.984	(36.777.356)	44.813.682
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	95.484	22.647	118.131
Tax Provision	-	-	-	-	(16.732.361)	(16.732.361)
Net Profit / Loss	(10.696.296)	24.295.139	14.092.211	53.995.468	(53.487.070)	28.199.452
SEGMENT ASSETS						
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	36.075.116	-	36.075.116
Banks and Receivables from Money Markets	-	-	-	34.924.922	-	34.924.922
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	415.499.007	-	415.499.007
Loans	226.566.559	837.286.940	243.429.971	85.361.639	-	1.392.645.109
Financial Assets Measured at Amortized Cost (Net)	-	-	-	165.382.493	-	165.382.493
Derivative Financial Assets	-	-	-	8.860.105	-	8.860.105
Associates, Subsidiaries and Entities under Common Control	-	-	-	3.319.886	-	3.319.886
Other Assets	12.446	7.519.566	98.632	366.131.260	122.653.571	496.415.475
Total Segment Assets	226.579.005	844.806.506	243.528.603	1.115.554.428	122.653.571	2.553.122.113
SEGMENT LIABILITIES						
Deposits	1.191.826.877	572.260.417	-	83.145.559	93.076.219	1.940.309.072
Derivative Financial Liabilities Held for Trading	-	-	-	3.159.560	-	3.159.560
Funds Borrowed	-	-	-	115.412.033	-	115.412.033
Money Markets Borrowing	38.795	20.986.065	-	71.593.828	-	92.618.688
Securities Issued (Net)	-	-	-	31.805.956	-	31.805.956
Provisions	5.165	9.145.608	-	8.422	41.979.935	51.139.130
Other Liabilities	-	-	-	-	104.595.924	104.595.924
Shareholders' Equity	-	-	-	-	214.081.750	214.081.750
Total Segment Liabilities	1.191.870.837	602.392.090	-	305.125.358	453.733.828	2.553.122.113

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	6.121.470	23.519.687	4.845.325	15.300.585
Central Bank of the Republic of Türkiye	179.711.432	331.750.672	29.714.106	353.380.419
Other	211	1.544.428	160	737.497
Total	185.833.113	356.814.787	34.559.591	369.418.501

Explanation on reserve requirements

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

Banks establish required reserves at the Central Bank of the Republic of Türkiye for their Turkish Lira and foreign currency liabilities specified in the aforementioned communiqué. Establishment of required reserves begins on Friday, two weeks after the liability calculation date, and lasts for 14 days. Required reserves can be kept in Turkish Lira, USD, EUR and standard gold in accordance with the "Communiqué on Required Reserves" at the Central Bank of the Republic of Türkiye. Required reserve ratios vary according to the maturity structure of the liabilities and are applied between 0% and 8% for Turkish Lira deposits and other liabilities, for foreign currency deposits and other liabilities, it is applied in the range of 5% - 29%, and for accounts with exchange rate/price protection support, it is applied in the range of 5% - 25%.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	179.264.523	67.618.515	29.518.189	45.844.463
Unrestricted Time Deposit	-	5.439.380	-	102.841.750
Restricted Time Deposit	-	-	-	-
Other ⁽¹⁾	446.909	258.692.777	195.917	204.694.206
Total	179.711.432	331.750.672	29.714.106	353.380.419

⁽¹⁾ Includes required reserves and CBRT restricted electronic money funds amounting to TL 59.509 required reserve of branches abroad amounting to TL 1.310.640 is presented in this line. (31 December 2022: Includes required reserves and CBRT restricted electronic money funds amounting to TL 17.157 required reserve of branches abroad amounting to TL 656.479 is presented in this line TL 8.430.798 of the current period's FC required reserve is the part of the required reserves that are held in FC).

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	3.179.977	2.234.228
Assets Blocked/Given as Collateral	41.650.545	27.890.664
Total	44.830.522	30.124.892

3. Positive Differences Statement Regarding Trading Derivative Financial Asset

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	15.180	6.951	155.217	1.318
Swap Transactions	7.112.695	2.673.356	3.103.594	5.508.263
Futures Transactions	-	-	276	-
Options	-	185.071	8.535	82.585
Other	3.657	205	111	206
Total	7.131.532	2.865.583	3.267.733	5.592.372

4. Information on Bank Account and Foreign Banks

4.1. Information on Bank Balances

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	9.885	3.449.707	6.260	5.419.112
Foreign Banks	1.409.825	53.228.147	505.684	22.726.047
Foreign Head Office and Branches	-	-	-	-
Total	1.419.710	56.677.854	511.944	28.145.159

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

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	150.772.625	89.010.871
Assets Blocked/Given as Collateral	250.151.777	107.579.099
Total	400.924.402	196.589.970

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Current Period	Prior Period
Debt Securities	583.572.096	432.936.720
Quoted in Stock Exchange	582.370.789	432.117.241
Not Quoted in Stock Exchange	1.201.307	819.479
Share Certificates	1.341.826	1.090.010
Quoted in Stock Exchange	5.348	4.771
Not Quoted in Stock Exchange	1.336.478	1.085.239
Provision for Impairment (-)	32.499.657	18.527.723
Total	552.414.265	415.499.007

7. Explanations 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 Shareholders	-	-	-	-
Granted loans to Legal Entity partners	-	-	-	-
Granted loans to Individual partners	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees ^{(1) (2)}	3.413.484	-	1.668.895	-
Total	3.413.484	-	1.668.895	-

(1) Interest rediscount and interest accrual amounting TL 59.119, are not included in the table above (31 December 2022: Interest rediscount and interest accrual amounting TL 14.221 are not included).

(2) Since the balance of overdraft accounts related to employees amounting TL 98.851 is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above (31 December 2022: Since the balance of overdraft accounts related to employees amounting TL 46.746 is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

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

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

7. Explanations Related to Loans (Continued)

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

Current Period		Loans Under Close Monitoring		
		Not Under the Scope of Restructuring	Loans Under Restructuring	
Cash Loans	Standard Loans		Loans with Revised Contract Terms	Refinancing
Non-Specialized Loans	1.500.639.357	27.238.564	4.743.485	85.698.169
Commercial Loans	891.170.741	21.661.296	4.579.994	85.624.998
Export Loans	172.518.239	714.116	29.964	-
Import Loans	39.881	-	-	-
Loans Given to Financial Sector	21.072.547	-	-	-
Consumer Loans	217.444.875	2.425.172	132.857	69.305
Credit Cards	187.862.714	2.317.859	-	3.853
Other	10.530.360	120.121	670	13
Specialized Lending ⁽¹⁾	410.211.593	4.483.355	26.477	540.577
Other Receivables	-	-	-	-
Interest Income Accruals	56.538.627	817.794	258.361	4.017.462
Total	1.967.389.577	32.539.713	5.028.323	90.256.208

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

Prior Period		Loans Under Close Monitoring		
		Not Under the Scope of Restructuring	Loans Under Restructuring	
Cash Loans	Standard Loans		Loans with Revised Contract Terms	Refinancing
Non-Specialized Loans	1.058.276.703	14.497.253	3.595.922	67.195.406
Commercial Loans	669.756.433	10.124.681	3.428.576	67.116.914
Export Loans	91.729.920	587.003	20.667	-
Import Loans	68.120	-	-	-
Loans Given to Financial Sector	14.311.732	-	-	-
Consumer Loans	189.091.869	2.514.517	146.185	75.924
Credit Cards	71.964.959	1.085.446	-	848
Other	21.353.670	185.606	494	1.720
Specialized Lending ⁽¹⁾	228.426.244	2.147.318	36.231	873.521
Other Receivables	-	-	-	-
Interest Income Accruals	28.342.023	417.365	74.654	2.617.104
Total	1.315.044.970	17.061.936	3.706.807	70.686.031

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

	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
Expected Credit Loss of Stage 1 and Stage 2				
12 Month Expected Credit Losses	10.916.483	-	9.006.539	-
Significant Increase in Credit Risk	-	42.154.391	-	29.473.635

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Explanations Related to Loans (Continued)

7.3. Information on Consumer Loans, Retail Credit Cards and Personnel Loans and Personnel Credit Card

Current Period	Short Term	Medium and Long Term	Total
Consumer Loans-TL	7.134.315	199.705.852	206.840.167
Mortgage Loans	11.371	122.867.726	122.879.097
Automotive Loans	452.568	12.573.995	13.026.563
Consumer Loans	6.670.376	64.264.131	70.934.507
Other	-	-	-
Consumer Loans- Indexed to FC	235	481.700	481.935
Mortgage Loans	-	103.372	103.372
Automotive Loans	-	29	29
Consumer Loans	-	183.559	183.559
Other	235	194.740	194.975
Consumer Loans-FC	131.028	4.677.591	4.808.619
Mortgage Loans	1.044	936.382	937.426
Automotive Loans	-	10.002	10.002
Consumer Loans	12.044	1.447.874	1.459.918
Other	117.940	2.283.333	2.401.273
Retail Credit Cards- TL	91.952.971	1.659.710	93.612.681
With Installment	39.989.218	1.396.772	41.385.990
Without Installment	51.963.753	262.938	52.226.691
Retail Credit Cards-FC	114.093	63	114.156
With Installment	97.083	-	97.083
Without Installment	17.010	63	17.073
Personnel Loans- TL	491.849	1.685.186	2.177.035
Mortgage Loans	4.008	36.660	40.668
Automotive Loans	-	4.410	4.410
Consumer Loans	487.841	1.644.116	2.131.957
Other	-	-	-
Personnel Loans-Indexed to FC	-	12.929	12.929
Mortgage Loans	-	4.657	4.657
Automotive Loans	-	-	-
Consumer Loans	-	5.789	5.789
Other	-	2.483	2.483
Personnel Loans-FC	3.614	129.769	133.383
Mortgage Loans	-	66.640	66.640
Automotive Loans	-	330	330
Consumer Loans	2.847	31.495	34.342
Other	767	31.304	32.071
Personnel Credit Cards- TL	1.066.713	19.207	1.085.920
With Installment	489.762	19.202	508.964
Without Installment	576.951	5	576.956
Personnel Credit Cards-FC	4.217	-	4.217
With Installment	3.849	-	3.849
Without Installment	368	-	368
Overdraft Accounts- TL (Real Person)	5.618.141	-	5.618.141
Overdraft Accounts-FC (Real Person)	-	-	-
Total ⁽¹⁾	106.517.176	208.372.007	314.889.183

⁽¹⁾ TL 3.800.075 of interest income rediscount and accrual is not included.

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Explanations Related to Loans (Continued)

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

Prior Period	Short Term	Medium and Long Term	Total
Consumer Loans- TL	3.321.377	181.729.842	185.051.219
Mortgage Loans	23.181	120.246.712	120.269.893
Automotive Loans	104.109	8.459.456	8.563.565
Consumer Loans	3.194.087	53.023.674	56.217.761
Other	-	-	-
Consumer Loans- Indexed to FC	840	438.458	439.298
Mortgage Loans	297	96.636	96.933
Automotive Loans	-	2.837	2.837
Consumer Loans	543	130.397	130.940
Other	-	208.588	208.588
Consumer Loans-FC	93.370	2.610.127	2.703.497
Mortgage Loans	494	564.215	564.709
Automotive Loans	7	16.213	16.220
Consumer Loans	12.166	759.632	771.798
Other	80.703	1.270.067	1.350.770
Retail Credit Cards- TL	31.332.833	442.405	31.775.238
With Installment	11.933.543	390.440	12.323.983
Without Installment	19.399.290	51.965	19.451.255
Retail Credit Cards-FC	70.719	33	70.752
With Installment	66.423	-	66.423
Without Installment	4.296	33	4.329
Personnel Loans- TL	58.127	944.163	1.002.290
Mortgage Loans	-	14.795	14.795
Automotive Loans	-	3.128	3.128
Consumer Loans	58.127	926.240	984.367
Other	-	-	-
Personnel Loans-Indexed to FC	-	16.302	16.302
Mortgage Loans	-	4.889	4.889
Automotive Loans	-	-	-
Consumer Loans	-	1.819	1.819
Other	-	9.594	9.594
Personnel Loans-FC	1.007	72.636	73.643
Mortgage Loans	-	31.302	31.302
Automotive Loans	-	-	-
Consumer Loans	20	17.028	17.048
Other	987	24.306	25.293
Personnel Credit Cards- TL	564.311	9.760	574.071
With Installment	229.106	9.753	238.859
Without Installment	335.205	7	335.212
Personnel Credit Cards-FC	2.589	-	2.589
With Installment	-	-	-
Without Installment	2.589	-	2.589
Overdraft Accounts- TL (Real Person)	2.542.246	-	2.542.246
Overdraft Accounts-FC (Real Person)	-	-	-
Total ⁽¹⁾	37.987.419	186.263.726	224.251.145

⁽¹⁾ TL 2.004.758 of interest income rediscount and accrual is not included.

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Explanations Related to Loans (Continued)

7.4. Information on Commercial Installment Loans and Corporate Credit Cards

Current Period	Short Term	Medium and Long Term	Total
Installment Based Commercial Loans- TL	2.889.223	97.063.575	99.952.798
Mortgage Loans	390	977.977	978.367
Automotive Loans	994.738	2.714.818	3.709.556
Consumer Loans	1.894.095	93.370.780	95.264.875
Other	-	-	-
Installment Based Commercial Loans- Indexed to FC	-	1.222.887	1.222.887
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	1.222.887	1.222.887
Other	-	-	-
Installment Based Commercial Loans - FC	8.934.947	124.791.787	133.726.734
Mortgage Loans	52.867	1.720.983	1.773.850
Automotive Loans	5.002	133.626	138.628
Consumer Loans	7.646.050	119.575.773	127.221.823
Other	1.231.028	3.361.405	4.592.433
Corporate Credit Cards- TL	82.430.089	12.926.412	95.356.501
With Installment	39.529.763	12.923.396	52.453.159
Without Installment	42.900.326	3.016	42.903.342
Corporate Credit Cards-FC	10.951	-	10.951
With Installment	5.656	-	5.656
Without Installment	5.295	-	5.295
Overdraft Account- TL (Legal Entity)	9.545.133	-	9.545.133
Overdraft Account-FC (Legal Entity)	142.657	-	142.657
Total ⁽¹⁾	103.953.000	236.004.661	339.957.661

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

Prior Period	Short Term	Medium and Long Term	Total
Installment Based Commercial Loans- TL	5.357.002	70.162.576	75.519.578
Mortgage Loans	22.962	2.316.534	2.339.496
Automotive Loans	1.403.747	4.201.640	5.605.387
Consumer Loans	3.930.293	63.644.402	67.574.695
Other	-	-	-
Installment Based Commercial Loans- Indexed to FC	1.021	1.007.982	1.009.003
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	1.021	1.007.982	1.009.003
Installment Based Commercial Loans - FC	3.915.996	94.072.097	97.988.093
Mortgage Loans	61.613	998.632	1.060.245
Automotive Loans	1.178	94.260	95.438
Consumer Loans	3.353.340	91.086.307	94.439.647
Other	499.865	1.892.898	2.392.763
Corporate Credit Cards- TL	38.094.333	2.434.194	40.528.527
With Installment	18.027.575	2.431.070	20.458.645
Without Installment	20.066.758	3.124	20.069.882
Corporate Credit Cards-FC	100.076	-	100.076
With Installment	97.093	-	97.093
Without Installment	2.983	-	2.983
Overdraft Account- TL (Legal Entity)	3.939.794	-	3.939.794
Overdraft Account-FC (Legal Entity)	-	-	-
Total ⁽¹⁾	51.408.222	167.676.849	219.085.071

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Explanations Related to Loans (Continued)

7.5. Distribution of Domestic and Foreign Loans

	Current Period	Prior Period
Domestic Loans	1.980.173.278	1.341.843.765
Foreign Loans	53.408.299	33.204.833
Interest Income Accruals of Loans	61.632.244	31.451.146
Total	2.095.213.821	1.406.499.744

7.6. Loans Granted to Investments in Associates and Subsidiaries

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	1.950.307	1.595.222
Indirect loans granted to subsidiaries and associates	-	-
Total	1.950.307	1.595.222

7.7. Credit-Impaired Losses (Stage III)

	Current Period	Prior Period
Loans and other receivables with limited collectability	2.648.982	2.392.994
Loans and other receivables with doubtful collectability	1.900.572	758.411
Uncollectible loans and other receivables	12.885.413	12.723.130
Total	17.434.967	15.874.535

7.8. Information on Non-performing Loans (Net)

7.8.1. Information on Non-performing Loans Restructured or Rescheduled and other Receivables

	Group III Loans With Limited Collectability	Group IV Loans With Doubtful Collectability	Group V Uncollectible Loans
Current Period			
Gross amounts before the provisions	211.119	943.668	821.437
Restructured loans	211.119	943.668	821.437
Prior Period			
Gross amounts before the provisions	202.952	168.225	1.437.609
Restructured loans	202.952	168.225	1.437.609

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Explanations Related to Loans (Continued)

7.8. Information on Non-performing Loans (Net) (Continued)

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

	Group III Loans With Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
Prior Period Ending Balance	3.653.353	1.390.128	14.204.472
Additions (+)	6.113.185	474.337	1.420.222
Transfers from Other Categories of Loans under Follow-Up (+)	-	4.457.250	1.549.753
Transfers to Other Categories of Loans under Follow-Up (-)	4.457.250	1.549.753	-
Collections (-) ⁽¹⁾	1.105.618	834.223	2.709.890
Write-offs (-) ⁽²⁾	-	-	228.450
Sold (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period End Balance	4.203.670	3.937.739	14.236.107
Provision (-)	2.648.982	1.900.572	12.885.413
Net Balance on Balance Sheet	1.554.688	2.037.167	1.350.694

⁽¹⁾ It includes transfers to the first and second group loans amounting to TL 653.130

⁽²⁾ As of 30 September 2023, there is a write-offs loan amounting to TL 228.450 (31 December 2022: None). When the calculation is made by taking into account the loans write-offs, the effect of the Group on the NPL and NPL ratio is 1 basis points.

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

	Group III Loans With Limited Collectability	Group IV Loans With Doubtful Collectability	Group V Uncollectible Loans
Current Period:			
Period Ending Balance	3.505.092	2.446.215	4.120.552
Provision (-)	2.375.669	1.134.242	3.990.881
Net Balance on Balance Sheet	1.129.423	1.311.973	129.671
Prior Period:			
Period Ending Balance	2.680.553	330.011	3.784.489
Provision (-)	1.731.079	218.945	3.721.795
Net Balance on Balance Sheet	949.474	111.066	62.694

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Explanations Related to Loans (Continued)

7.8. Information on Non-performing Loans (Net) (Continued)

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

	Group III Loans With Limited Collectability	Group IV Loans With Doubtful Collectability	Group V Uncollectible Loans
Current Period (Net)	1.554.688	2.037.167	1.350.694
Loans to Real Persons and Legal Entities (Gross)	4.203.670	3.937.739	14.054.213
Provisions (-)	2.648.982	1.900.572	12.703.519
Loans to Real Persons and Legal Entities (Net)	1.554.688	2.037.167	1.350.694
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	181.894
Provisions (-)	-	-	181.894
Other Loans (Net)	-	-	-
Prior Period (Net)	1.260.359	631.717	1.481.342
Loans to Real Persons and Legal Entities (Gross)	3.653.353	1.390.128	14.044.172
Provisions (-)	2.392.994	758.411	12.562.830
Loans to Real Persons and Legal Entities (Net)	1.260.359	631.717	1.481.342
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	160.300
Provisions (-)	-	-	160.300
Other Loans (Net)	-	-	-

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

	Group III Loans With Limited Collectability	Group IV Loans With Doubtful Collectability	Group V Uncollectible Loans
Current Period (Net)	50.280	56.700	63.356
Interest Accruals and Valuation Differences	123.377	114.804	768.410
Provisions (-)	73.097	58.104	705.054
Prior Period (Net)	35.364	25.458	78.302
Interest Accruals and Valuation Differences	116.325	68.001	879.607
Provisions (-)	80.961	42.543	801.305

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Other Financial Assets Measured at Amortized Cost

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

Financial Assets Measured at Amortized Cost subject to repo transactions

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	12.624.586	8.372.017	16.898.737	5.705.067
Treasury Bills	-	-	-	-
Other Government Debts	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	12.624.586	8.372.017	16.898.737	5.705.067

Financial Assets Measured at Amortized Cost given as collateral or blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	-	-	1.107.792	-
Bonds and Similar Investment Securities	142.277.625	55.177.717	57.126.063	36.259.758
Other	-	-	-	-
Total	142.277.625	55.177.717	58.233.855	36.259.758

8.2. Information on Government Debt Securities at Amortized Cost

	Current Period	Prior Period
Government Bonds	315.002.813	158.551.073
Treasury Bills	-	1.107.792
Other Public Sector Debt Securities	2.046.631	1.585.288
Total	317.049.444	161.244.153

8.3. Information on Financial Assets Measured at Amortized Cost

	Current Period	Prior Period
Debt securities	321.439.807	165.424.164
Quoted at Stock Exchange	295.720.834	155.404.418
Unquoted at Stock Exchange	25.718.973	10.019.746
Provision for Impairment (-)	1.750	1.079
Total	321.438.057	165.423.085

8.4. The Movements of Financial Assets Measured at Amortized Cost

	Current Period	Prior Period
Beginning Balance	165.423.085	46.339.025
Foreign Currency Differences on Monetary Assets	17.532.192	11.437.431
Purchases During the Year ⁽¹⁾	149.394.364	109.423.608
Disposals through Sales and Redemptions	(10.909.834)	(1.775.900)
Provision for Impairment (-)	1.750	1.079
Period End Balance	321.438.057	165.423.085

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

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

9. Information on Associates Accounts (Net)

9.1. Information on Unconsolidated Associates

	Description	Address (City/ Country)	The Bank’s Share Percentage, if- Different, Voting Percentage (%)	The Bank’s Risk Group Share Percentage (%)
1	Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.	İstanbul/Türkiye	33,34	33,34

	Total Assets (⁽¹⁾)	Shareholders’ Equity (⁽¹⁾)	Total Non- Current Assets (⁽¹⁾⁽²⁾)	Interest Income (⁽¹⁾)	Income from Marketable Securities (⁽¹⁾)	Current Period Profit / Loss (⁽¹⁾)	Prior Period Profit / Loss (⁽¹⁾)	Fair Value
1	501.857	329.265	157.296	35.510	-	(9.771)	(22.711)	-

(⁽¹⁾) The current period financial statement information of the associates is obtained from the unaudited financial statements dated 30 September 2023, and the profit/loss figures for the previous period are obtained from the unaudited financial statements dated 30 September 2022.

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

9.2. Information on Consolidated Associates

	Description	Address (City/ Country)	The Bank’s Share Percentage, if Different, Voting Percentage (%)	The Bank’s Risk Group Share Percentage (%)
1	Arap Türk Bankası A.Ş.	İstanbul/ Türkiye	15,43	15,43
2	Birleşim Varlık Yönetim A.Ş. (⁽²⁾)	İstanbul/ Türkiye	16,00	16,00

	Total Assets (⁽¹⁾)	Shareholders’ Equity (⁽¹⁾)	Total Non- Current Assets (⁽¹⁾)	Interest Income (⁽¹⁾)	Income from Marketable Securities (⁽¹⁾)	Current Period Profit / Loss (⁽¹⁾)	Prior Period Profit / Loss (⁽¹⁾)	Fair Value
1	13.825.789	1.773.976	568.095	322.578	259.853	65.567	178.126	-
2	896.838	754.841	27.815	239.351	-	100.195	-	-

(⁽¹⁾) The current period financial statement information of associates is taken from the unaudited financial statements as of 30 September 2023, and the profit/loss figures for the previous period are obtained from the reviewed audited financial statements of 30 September 2022.

(⁽²⁾) Necessary permissions have been obtained from the BRSA regarding the purchase by the Bank of 12.000.000 Group B Shares, 16% owned by the Savings Deposit Insurance Fund (TMSF), in the capital of Birleşim Varlık Yönetim AŞ, with all its rights and obligations in return for TL 119.285 share purchase transactions were completed on 1 March 2023.

9.3. Information on Financial Associates

	Current Period	Prior Period
Balance at the Beginning of the Period	282.763	205.959
Movement During the Period	111.736	76.804
Purchases	119.285	-
Free Shares Obtained Profit From Current Year’s Share	-	-
Dividends From Current Year Income	26.148	32.942
Sales	-	-
Revaluation Increase	-	43.862
Impairment Provision (-)	33.697	-
Balance at the End of the Period	394.499	282.763
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

	Current Period	Prior Period
Banks	273.724	282.763
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	120.775	-

9.5. Information on Subsidiaries Quoted to a Stock Exchange

None (31 December 2022: None).

10. Information on Subsidiaries (Net)

10.1. Information on Unconsolidated Subsidiaries of the Parent Company

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

	Total Assets	Shareholders' Equity	Total Non- Current Assets	Interest Income	Income from Marketable Securities	Current Period Profit / Loss	Prior Period Profit / Loss	Fair Value
1	578.175	100.639	47.724	3.689	-	42.365	20.686	84.959

(*) The current period financial statement information of the subsidiaries are taken from the unaudited financial statements dated as of 30 September 2023, and the profit/loss figure for the previous period are taken from the unaudited financial statements dated as of 30 September 2022.

10.2. Information on Consolidated Subsidiaries

	Description	Address (City/ Country)	The Bank's Share Percentage-if different Voting Percentage (%)	The Bank's Risk Group Share Percentage (%)
1	Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul / Türkiye	99,60	99,60
2	Ziraat Portföy Yönetimi A.Ş.	İstanbul / Türkiye	74,90	99,80
3	Ziraat Katılım Bankası A.Ş.	İstanbul / Türkiye	100,00	100,00
4	Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul / Türkiye	81,06	81,06
5	Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.	İstanbul / Türkiye	100,00	100,00
6	Ziraat Dinamik Banka A.Ş. ^(*)	İstanbul / Türkiye	100,00	100,00
7	Ziraat Finansal Teknolojiler Elektronik Para ve Ödeme Hizmetleri A.Ş. ^(**)	İstanbul / Türkiye	100,00	100,00
8	Ziraat Bank International A.G.	Frankfurt/Germany	100,00	100,00
9	Ziraat Bank BH d.d.	Sarajevo/Bosnia and Herzegovina	100,00	100,00
10	Ziraat Bank (Moscow) JSC	Moscow/Russia	99,91	100,00
11	Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	99,92	99,92
12	Ziraat Bank Azerbaycan ASC	Baku/Azerbaijan	99,98	100,00
13	Ziraat Bank Montenegro AD	Podgorica/Montenegro	100,00	100,00
14	JSC Ziraat Bank Georgia	Tbilisi/Georgia	100,00	100,00
15	Ziraat Bank Uzbekistan JSC	Tashkent/Uzbekistan	100,00	100,00

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

(**) Ziraat Finansal Teknolojiler Elektronik Para ve Ödeme Hizmetleri A.Ş., which is among the subsidiaries. It started to be followed as a financial partnership.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

10. Information on Subsidiaries (Net) (Continued)

10.2. Information on Consolidated Subsidiaries (Continued)

	Total Assets	Shareholders' Equity	Total Non-Current Assets	Interest Income	Income from Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value	Shareholder's equity amount needed
1	5.384.259	2.286.070	25.975	832.215	-	1.337.332	378.417	2.019.128	-
2	845.941	698.355	24.789	67	-	326.873	90.952	392.794	-
3	347.762.090	17.799.709	2.157.573	27.668.480	4.667.452	3.153.570	3.387.993	13.520.209	-
4	23.463.578	20.437.652	22.177.821	54.675	-	890.222	253.473	20.677.840	-
5	2.606.516	2.603.876	720	129.643	-	138.039	45.527	2.599.132	-
6	2.500.000	2.500.000	-	-	-	-	-	2.500.000	-
7	209.611	208.842	4.656	10.550	-	7.825	-	200.000	-
8	29.377.688	9.310.364	1.243.399	801.511	4.835	391.206	(254.345)	3.543.258	-
9	20.289.214	2.917.527	149.254	355.161	-	204.060	(64.477)	1.054.736	-
10	3.169.940	1.403.804	49.881	174.333	1.130	172.471	91.981	785.393	-
11	12.612.698	3.958.081	861.219	575.678	3.220	554.610	(499.221)	1.847.545	-
12	11.183.584	1.696.691	362.551	328.480	17.000	89.714	21.290	412.793	-
13	2.741.425	494.601	19.653	52.033	12.063	12.350	(1.602)	342.171	-
14	2.238.615	736.394	59.931	86.129	3.136	58.723	29.760	282.825	-
15	6.629.061	985.532	116.728	179.495	6.501	56.107	71.916	446.260	-

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

(2) Current period financial statement information has been taken from the limited audited financial statements of Ziraat Katılım Bankası A.Ş. dated 30 September 2023 and from the financial statements of other subsidiaries that have not undergone limited audit, and in the profit/loss figures for the previous period, Ziraat Katılım Bankası A.Ş.'s limited audited financial statements dated 30 September 2022, and the financial statements of other subsidiaries that have not undergone limited auditing.

(Represents the values of the Parent Bank)

	Current Period	Prior Period
Balance at the Beginning of the Period	41.946.035	20.558.487
Movements During the Period	8.678.049	21.387.548
Purchases	7.615.682	3.249.300
Free Shares Obtained Profit From Current Years Share	-	86.121
Dividends from current year income	-	-
Sales	-	-
Revaluation Increase ⁽¹⁾	3.401.262	22.601.876
Impairment Provision (-)	2.338.895	4.549.749
Balance at the End of the Period⁽²⁾	50.624.084	41.946.035
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

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

(2) Non-financial subsidiaries amounting to TL 84.959 are not included in the table. (31 December.2022: Non-financial subsidiaries amounting to TL 134.959 are not included in the table.)

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

(Represents the values of the Parent Bank)

	Current Period	Prior Period
Banks	24.735.189	15.826.908
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	25.888.895	26.119.127

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

10. Information on Subsidiaries (Net) (Continued)

10.4. Subsidiaries Quoted to a Stock Exchange

(Represents the values of the Parent Bank)

	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	20.677.840	21.486.762
Quoted at International Stock Exchanges	-	-

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

Entities under Common Control (Joint Ventures) ⁽¹⁾	Parent Bank's Share (%)	Group's Share (%)	Current Assets	Non-Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	50,00	50,00	16.560.155	97.075	22.665	674.996	333.560

⁽¹⁾ Information on entity under joint control is provided from the unaudited financial statements as of 30 September 2023.

12. Information on Lease Receivables

Information on receivables from leasing transactions is presented in the table below.

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	293.746	276.600	189.351	179.909
1-5 Years	48.759.682	38.031.151	16.508.624	14.022.160
More than 5 Years	12.878.603	10.990.379	8.160.207	7.050.052
Total	61.932.031	49.298.130	24.858.182	21.252.121

13. Information on Derivative Financial Assets for Hedging Purposes

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

14. Information on Investment Property

The Group's investment properties are TL 817.019 (31 December 2022: TL 775.075).

15. Information on Assets Held for Sale and Tangibles Corresponding Discontinuing Operations

The Group does not have any discontinued operations. The assets held for sale are composed of immovables acquired due to consumer, commercial and agricultural loans, and immovables for which has no necessity of use exists by the Parent Bank. Those immovables considered for sales are announced at the web site of the Parent Bank.

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

15. Information on Assets Held for Sale and Tangibles Corresponding Discontinuing Operations (Continued)

The total of the partnership shares acquired by the Group due to its receivables is TL 38.948 (31 December 2022: TL 415.578). To be TL 14.947 (31 December 2022: TL 12.446) due to individual receivables of the Group, TL 5.398.265 due to the trade receivables (31 December 2022: TL 5.255.159) and TL 91.509 (31 December 2022: TL 98.632) due to the agricultural receivables. The total of the real estates acquired for the purpose of sale is TL 5.504.721 (31 December 2022: TL 5.366.237) and the other real estates held for sale is TL 1.325.408 (31 December 2022: TL 1.325.408). In addition, the total of the movables acquired due to its receivables is TL 81.792 (31 December 2022: TL 75.258). The net book value of the Group's assets held for sale acquired through fiduciary rights is TL 2.598.487 (31 December 2022: TL 2.522.486).

16. Explanations on Tangible Assets

	Immovables	Immovables with Right of Use	Movables	Movables with Right of Use	Leasing Development Costs	Other Tangibles	Total
Prior Period End							
Cost	34.382.703	1.805.025	3.271.658	481.155	484.526	-	40.425.067
Accumulated Depreciation (-)	889.765	276.941	1.881.872	210.496	330.169	-	3.589.243
Impairment (-)	78	-	618	-	-	-	696
Net Book Value	33.492.860	1.528.084	1.389.168	270.659	154.357	-	36.835.128
Current Period End							
Net Book Value at the Beginning of the Period	33.492.860	1.528.084	1.389.168	270.659	154.357	-	36.835.128
Change During the Period (Net)	3.309.681	2.886.753	1.088.487	296.433	541.361	-	8.122.715
- Cost	3.107.779	3.170.949	1.614.691	386.111	631.373	-	8.910.903
- Revaluation Differences	374.342	-	18.680	-	12	-	393.034
- Depreciation – Net (-)	172.440	283.560	544.884	89.313	90.024	-	1.180.221
- Impairment (-)	-	636	-	365	-	-	1.001
Net Currency Translation from Foreign Subsidiaries	263.908	49.492	46.338	12.145	20.518	-	392.401
Cost at Period End	38.128.732	5.025.466	4.951.367	879.411	1.136.429	-	50.121.405
Accumulated Depreciation at Period End (-)	1.062.205	560.501	2.426.756	299.809	420.193	-	4.769.464
Impairment (-)	78	636	618	365	-	-	1.697
Closing Net Book Value	37.066.449	4.464.329	2.523.993	579.237	716.236	-	45.350.244

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

None.

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

None.

19. Information on Expected Credit Loss for Financial Assets

	Current Period	Prior Period
Cash and Balances at Central Bank	29.735	31.345
Banks and Receivables from Money Markets	17.620	15.293
Financial Assets Measured at Amortized Cost	73.148	40.592
Other assets	257.689	115.138
Total	378.192	202.368

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

20. Explanation on Deferred Tax Asset

The Group calculates and reflects deferred tax in accordance with the provisions of “Income Taxes Standards” (“TAS 12”) for taxable temporary differences that arise between the book value of an asset or liability and its tax basis determined in accordance with the tax legislation. In the calculation of deferred tax, enacted tax rates valid as of the balance sheet date are used in accordance with the current tax legislation.

Deferred tax assets consisting of deductible temporary differences are calculated on the condition that it is highly probable to benefit from these differences by earning taxable profit in the future. Calculated deferred tax receivables and deferred tax liabilities are netted off in the consolidated subsidiaries' separate financial statements.

As of 30 September 2023, the Group has deferred tax assets amounting to TL 11.876.430 (as of 31 December 2022, deferred tax assets amounting to TL 5.928.087).

21. Information on Other Assets

As of 30 September 2023, and 31 December 2022, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES

1. Information on Deposits/Funds Collected

1.1. Information on Maturity Structure of Deposits

Current Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	190.649.110	-	23.726.700	196.474.874	369.858.482	18.444.303	70.530.721	132.581	869.816.771
Foreign Currency Deposits	452.936.168	-	160.430.250	192.202.126	46.306.116	33.532.168	83.071.610	17.596	968.496.034
Residents in Türkiye	330.707.804	-	156.311.173	158.545.920	30.582.742	10.634.801	25.452.234	13.542	712.248.216
Residents Abroad	122.228.364	-	4.119.077	33.656.206	15.723.374	22.897.367	57.619.376	4.054	256.247.818
Public Sector Deposits	38.191.463	-	95.529.172	27.791.788	1.922.131	105.807	7.613	-	163.547.974
Commercial Deposits	88.739.015	-	126.842.320	224.919.503	108.850.438	9.557.326	22.097.519	-	581.006.121
Other Institutions Deposits	13.643.117	-	5.299.223	42.165.667	6.263.626	1.710.943	628.214	-	69.710.790
Precious Metals Deposit	125.059.563	-	2.667.204	15.977.774	1.741.951	588.907	815.548	-	146.850.947
Interbank Deposits	11.703.349	-	88.949.840	12.669.797	7.512.208	7.765.483	63.246	-	128.663.923
The CBRT	3.788.476	-	-	-	-	-	-	-	3.788.476
Domestic Banks	582.105	-	84.816.111	1.627.282	-	-	-	-	87.025.498
Foreign Banks	7.251.130	-	4.111.838	11.042.515	7.512.208	7.765.483	63.246	-	37.746.420
Participation Banks	81.638	-	21.891	-	-	-	-	-	103.529
Other	-	-	-	-	-	-	-	-	-
Total	920.921.785	-	503.444.709	712.201.529	542.454.952	71.704.937	177.214.471	150.177	2.928.092.560

(*) As of 30 September 2023, the balance of savings the deposit balance includes the amount of TL 158.629.725 Treasury Currency Protected Deposit, TL 352.346.888 CBRT Currency Protected Deposit and TL 60.050.343 YUVAM Account Deposits.

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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	131.457.914	-	18.631.036	243.164.800	20.336.549	9.534.581	25.114.190	148.528	448.387.598
Foreign Currency Deposits	283.838.398	-	143.513.425	184.535.658	39.357.690	23.688.435	71.524.578	14.799	746.472.983
Residents in Türkiye	218.226.729	-	139.052.941	157.661.536	29.048.020	11.548.296	28.962.992	12.343	584.512.857
Residents Abroad	65.611.669	-	4.460.484	26.874.122	10.309.670	12.140.139	42.561.586	2.456	161.960.126
Public Sector Deposits	20.175.077	-	114.451.418	11.097.850	4.648.975	803.714	7.615	-	151.184.649
Commercial Deposits	91.796.331	-	115.450.374	136.160.439	7.300.447	22.053.845	2.894.572	-	375.656.008
Other Institutions Deposits	6.988.093	-	5.785.624	20.258.226	4.211.618	910.923	457.932	-	38.612.416
Precious Metals Deposit	81.910.678	-	1.890.618	13.515.775	999.453	561.040	635.451	-	99.513.015
Interbank Deposits	9.315.628	-	43.085.939	9.091.642	93.317	18.396.704	499.173	-	80.482.403
The CBRT	2.714.175	-	-	-	-	-	-	-	2.714.175
Domestic Banks	451.294	-	39.787.632	654.420	-	-	402.578	-	41.295.924
Foreign Banks	5.912.844	-	3.297.632	8.437.222	93.317	18.396.704	96.595	-	36.234.314
Participation Banks	237.315	-	675	-	-	-	-	-	237.990
Other	-	-	-	-	-	-	-	-	-
Total	625.482.119	-	442.808.434	617.824.390	76.948.049	75.949.242	101.133.511	163.327	1.940.309.072

(*) As of 31 December 2022, the deposit balance includes the amount of TL 93.491.005 Treasury Currency Protected Deposit, TL 105.994.827 CBRT Currency Protected Deposit and TL 17.910.987 YUVAM Account Deposits.

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

Saving Deposits	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits ⁽¹⁾	390.371.799	224.598.819	478.314.234	222.369.675
Foreign Currency Saving Deposits ⁽¹⁾	290.049.618	163.782.459	401.069.234	364.876.583
Other Deposits in the form of Saving Deposits	-	-	-	-
Foreign Branches' Deposits under the Guarantees of Foreign Authority Insurance ⁽²⁾	7.715.170	5.057.008	3.716.198	2.838.629
Off-Shore Banking Regions' under Foreign Authorities' Insurance	-	-	-	-

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

⁽²⁾ In Bulgaria and Greece, since both real person and legal entity's saving deposits are under the guarantee of insurance and since such balances included in insurance limit are calculated by the system, the legal entity saving deposits amounting to TL 3.751.992 and TL 76.955 respectively, cannot be decomposed by type and are therefore included in the table (31 December 2022: TL 2.643.374 and TL 35.817).

Pursuant to the Regulation Amending the Regulation on Deposits and Participation Funds Subject to Insurance and Premiums to be Collected by the Savings Deposit Insurance Fund, published in the Official Gazette dated 27 August 2022 and numbered 31936, other than those belonging to official institutions, credit institutions and financial institutions in the presence of credit institutions; all deposit and participation funds are covered by insurance. In line with this change, commercial deposits amounting to TL 47.315.877 (31 December 2022: TL 28.211.466) covered by insurance are not included in the table. The portion of the said deposits exceeding the insurance limit is TL 1.100.238.081 (31 December 2022: TL 789.528.367).

Based on the Council of Minister's decree dated 29 December 2003 and numbered 2003/6668, TL 386 (31 December 2022: TL 434) of demand deposits is not included in the above calculation, since the Parent Bank paid the saving deposits amount attributable to T. İmar Bank T.A.Ş.

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Information on Deposits/Funds Collected (Continued)

1.3. Information on Saving Deposits/Real Persons’ Private Current and Accession Accounts Not Related to Commercial Transactions in a Turkish Branch of the 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 Türkiye.

1.4. Saving Deposits of Real Persons which are not under the Guarantee of Saving Deposit Insurance Fund

	Current Period	Prior Period
Foreign branches’ saving deposits and other accounts	16.349	12.805
Deposits and other accounts belonging to dominant partners as well as their fathers, mothers, spouses and children under their custody	-	-
Deposits and other accounts belonging to the chairman and members of the board of directors, general managers and deputy general managers as well as their fathers, mothers, spouses and children under their custody	38.149	53.076
Deposits and other accounts covered by assets generated through the offenses mentioned in Article 282 of the Turkish Penal Code No.5237 and dated 26 September 2004	-	-
Deposits in the banks to be engaged exclusively in offshore banking in Türkiye	-	-

2. Negative Differences Statement Regarding Trading Derivative Financial Assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	9.783	5.754	12.129	1.290
Swap Transactions	169.165	7.405.265	218.585	2.837.720
Futures Transactions	-	-	-	-
Options	-	183.603	-	89.836
Other	-	-	-	-
Total	178.948	7.594.622	230.714	2.928.846

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	577.000	-	10.208.007	-
From Domestic Banks and Institutions	561.086	10.633.575	377.292	15.359.646
From Foreign Banks, Institutions and Funds	-	133.943.975	-	89.467.088
Total	1.138.086	144.577.550	10.585.299	104.826.734

3.2. Information on Maturity Structure of Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	554.713	7.786.979	10.582.888	7.706.354
Medium and Long-Term	583.373	136.790.571	2.411	97.120.380
Total	1.138.086	144.577.550	10.585.299	104.826.734

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

78% of the Group’s total liabilities and shareholders’ 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.

4. Information on Money Market Borrowings

	Current Period		Prior Period	
	TL	FC		TL
From Domestic Transactions	47.817.012	10.969.121	21.081.863	7.498.996
Financial Institutions and Organizations	47.720.623	10.969.121	20.917.677	7.498.996
Other Institutions and Organizations	58.267	-	125.400	-
Real Person	38.122	-	38.786	-
From Overseas Operations	-	79.427.004	-	64.037.829
Financial Institutions and Organizations	-	79.427.004	-	40.090.932
Other Institutions and Organizations	-	-	-	23.946.897
Real Person	-	-	-	-
Total	47.817.012	90.396.125	21.081.863	71.536.825

5. Information on Securities Issued

	Current Period		Prior Period	
	TL	FC		TL
Bank Bills	-	973.467	-	644.547
Asset-Backed Securities	4.233.912	-	4.394.241	-
Treasury Bonds	289.874	37.095.701	649.106	26.118.062
Total	4.523.786	38.069.168	5.043.347	26.762.609

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

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

7. Information on Lease Liabilities

Information on lease liabilities represented in the table below.

	Current Period		Prior Period	
	Gross	Net		Gross
Less than 1 Year	68.020	56.188	94.282	52.127
Between 1-4 Years	1.534.790	1.340.709	1.088.621	912.150
More than 4 Years	5.864.698	3.772.432	1.676.114	885.802
Total	7.467.508	5.169.329	2.859.017	1.850.079

8. Information on the Hedging Derivative Financial Liabilities

There are no hedging derivative financial liabilities of Group.

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

9. Information on Provisions

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

There are no foreign exchange loss provisions on foreign currency indexed loans and financial lease receivables (31 December 2022: None).

9.2. Liabilities on Employee Benefits Provision

9.2.1. Termination Benefit and Unused Vacation Rights

The Bank accounts for its vacation and retirement pay obligations in accordance with the TAS 19 “Employee Benefits”. The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 30 September 2023, unpaid vacation liability amounted to TL 860.861 and employment termination amounted to TL 6.679.504 are presented under the “Employee Benefits Provision” in the financial statements (31 December 2022 unpaid vacation liability amounted to TL 792.254 and employment termination amounted to TL 6.140.669 are presented under the “Employee Benefits Provision” in the financial statements).

9.3. Information on Other Provisions

Except for the requirements of BRSA Accounting and Financial Reporting Legislation requirements, the Group management has free provisions amounting to TL 17.704.000, of which TL 29.304.000 has been reserved in previous periods and TL 11.600.000 has been cancelled in the current period. (31 December 2022: Except for the requirements of BRSA Accounting and Financial Reporting Legislation, a free provision amounting to TL 29.304.000 has been set aside by the Group management, of which TL 3.730.000 is in the previous periods and TL 25.574.000 is in the current period).

Expected loss provisions for non-cash loans are TL 10.474.800 (31 December 2022: Expected loss provisions for non-cash loans are TL 9.352.474). The Group has made a provision amounting to TL 255.615 for the cases that have not been finalized yet (31 December 2022: The Group has made a provision amounting to TL 198.554 for the cases that are not yet finalized). In addition, there is other provision amounting to TL 5.356.759 (31 December 2022: Other provision amounting to TL 5.350.679).

10. Explanations on Tax Liability

10.1. Explanations on Current Tax Liability

10.1.1. Information on Tax Provision

As of 30 September 2023, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 16.949.346 (As of 31 December 2022, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 7.295.144).

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

10.1.2. Information on Current Taxes Payable

	Current Period	Prior Period
Corporate Tax Payable	16.949.346	7.295.144
Taxation on Income From Securities	1.383.509	573.637
Property Tax	9.829	6.516
Banking Insurance Transactions Tax (BITT)	1.632.666	837.019
Foreign Exchange Transactions Tax	45.514	46.164
Value Added Tax Payable	207.314	162.889
Other	337.389	500.584
Total	20.565.567	9.421.953

10.1.3. Information on Premium Payables

	Current Period	Prior Period
Social Security Premiums Employee	852	140
Social Security Premiums - Employer	1.156	205
Bank Social Aid Pension Fund Premium - Employee	114.420	45.528
Bank Social Aid Pension Fund Premium - Employer	167.752	66.725
Pension Fund Membership Fees and Provisions - Employee	86	-
Pension Fund Membership Fees and Provisions - Employer	30	36
Unemployment Insurance - Employee	17.799	7.300
Unemployment Insurance - Employer	35.595	14.606
Other	-	-
Total	337.690	134.540

10.2. Information on Deferred Tax Liabilities if any

The Group has TL 17.489 deferred tax liability (31 December 2022: TL 301.798).

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

The Group does not have any liabilities related to non-current assets “held for sale” and “held from discontinued operations” (31 December 2022: None).

12. Information on Subordinated Loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	-	44.973.592	-	31.546.716
Subordinated loans	-	3.885.657	-	2.597.654
Subordinated debt instruments	-	41.087.935	-	28.949.062
Debt instruments to be included in contribution capital calculation	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Total	-	44.973.592	-	31.546.716

(*) Subordinated loans are explained in detail in the Note “Information on debt instruments included in the calculation of equity” in Section Four.

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

13. Information on Shareholders' Equity

13.1. Presentation of Paid-In Capital

	Current Period	Prior Period
Common stock	84.600.000	34.900.000
Preferred stock	-	-

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

The Parent Bank does not have a registered capital system.

13.3. Capital Increases and Sources in the Current Period and Other Information Based on Increased Capital Share

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

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

13.4. Information on Share Capital Increases from Capital Reserves During the Current Period

There is no share capital amount included in capital.

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

The Parent Bank has no capital commitments.

13.6. The Effects of Anticipations Based on the Financial Figures for Prior Periods Regarding the Group's Income, Profitability and Liquidity, and Possible Effects of These Future Assumptions on the Group's Equity due to Uncertainties at These Indicators

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

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

13. Information on Shareholders’ Equity (Continued)

13.7. Information on Privileges Given to Shares Representing the Capital

The Parent Bank has no preferred shares.

13.8. Information on Marketable Securities Value Increase Fund

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities under Common Control (Joint Ventures)	(109.192)	547.658	(77.873)	547.657
Financial Assets at Fair Value Through Other Comprehensive Income	46.806.358	(27.086.662)	49.094.334	(19.922.708)
Foreign Exchange Differences	6.158.095	3.123	6.019.473	1.957
Total	52.855.261	(26.535.881)	55.035.934	(19.373.094)

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

1. Explanations on Off-Balance Sheet Commitments

1.1. Nature and Amount of Irrevocable Loan Commitments

	Current Period	Prior Period
Asset Purchase Commitments	195.734.237	39.841.499
Subsidiaries and Associates Capital Contribution Commitments	13.908	150.000
Loan Granting Commitments	79.709.446	51.597.586
Commitments for Cheque Payments	19.938.402	10.866.132
Commitments for Credit Card Expenditure Limits	282.256.105	101.503.177
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	257.706	162.830
Tax and Fund Liabilities from Export Commitments	237.593	95.161
Other Irrevocable Commitments	45.355.576	25.838.559
Total	623.502.973	230.054.944

1.2. A 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 10.474.800 for expected credit losses arising from the off-balance sheet items in the current period (31 December 2022: TL 9.352.474).

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

	Current Period	Prior Period
Letters of Guarantee	598.937.600	360.474.626
Letters of Credit	97.130.415	73.113.486
Bank Acceptances	12.324.396	12.278.409
Endorsements	47.636.263	14.341.683
Other Guarantees	841.587	1.504.723
Other Collateral	3.165	17.000
Total	756.873.426	461.729.927

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Explanations on Off-Balance Sheet Commitments (Continued)

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

	Current Period	Prior Period
Letters of Certain Guarantees	366.317.707	215.675.531
Letters of Advance Guarantees	116.271.327	60.497.328
Letters of Temporary Guarantees	13.638.454	13.265.410
Letters of Guarantees Given to Customs Offices	4.686.378	4.742.989
Other Letters of Guarantees	98.023.734	66.293.368
Total	598.937.600	360.474.626

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	81.419.062	54.657.597
With Original Maturity of One Year or Less	32.210.305	25.080.064
With Original Maturity of More than One Year	49.208.757	29.577.533
Other Non-Cash Loans	675.454.364	407.072.330
Total	756.873.426	461.729.927

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

1. Interest Income

1.1. Information on Interest Income from Loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans ⁽¹⁾	140.816.868	34.339.834	78.509.644	16.663.886
Short Term Loans	59.522.666	6.712.494	29.579.582	2.346.511
Medium and Long-Term Loans	80.094.534	27.313.031	47.555.769	14.251.018
Interest on Loans Under Follow-Up	1.199.668	314.309	1.374.293	66.357
Premiums Received from the Resource Utilization Support Fund	-	-	-	-

(1) Includes fees and commissions income on cash loans

1.2. Information on Interest Income on Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
From Central Bank of the Republic of Türkiye	157.292	-	-	-
From Domestic Banks	348.605	2.352.830	211.152	809.028
From Foreign Banks	194.125	721.678	81.789	187.921
From Headquarters and Branches Abroad	-	-	-	-
Total	700.022	3.074.508	292.941	996.949

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Interest Income (Continued)

1.3. Information on Interest Income on Marketable Securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	680.531	52.979	435.843	34.347
Financial Assets at Fair Value Through Other Comprehensive Income	46.135.400	12.066.635	40.869.297	7.571.670
Financial Assets Measured at Amortized Cost	33.646.549	2.707.419	15.311.553	1.597.262
Total	80.462.480	14.827.033	56.616.693	9.203.279

1.4. Information on Interest Income Received from Associates and Subsidiaries

	Current Period	Prior Period
Interest Income from Associates and Subsidiaries	195.780	162.078

2. Interest Expense

2.1. Information of Interest Expense on Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	545.013	6.657.389	384.368	1.742.752
Central Bank of the Republic of Türkiye	436	-	272	-
Domestic Banks	458.136	659.213	325.496	317.104
Foreign Banks	86.441	5.998.176	58.600	1.425.648
Foreign Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	307.497	-	115.195
Total	545.013	6.964.886	384.368	1.857.947

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

2.2. Information on Interest Expense Given to Associates and Subsidiaries

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	38.500	28.060

2.3. Information on Interest Expense Given on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expenses on Securities Issued	1.003.759	3.578.770	713.568	1.936.033

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

2. Interest Expense (Continued)

2.4. Maturity Structure of the Interest Expense on Deposits

Current Period	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year		
TL								
Bank Deposit	-	5.617.033	325.478	-	-	-	-	5.942.511
Saving Deposit	-	2.896.357	29.212.227	37.218.968	1.662.039	4.307.185	8.594	75.305.370
Public Sector Deposit	98	12.327.518	3.388.524	182.446	24.370	625	-	15.923.581
Commercial Deposit	197	14.979.297	22.427.030	9.727.374	6.847.023	919.323	-	54.900.244
Other Deposit	-	1.075.866	4.938.734	485.334	29.334	44.900	-	6.574.168
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	295	36.896.071	60.291.993	47.614.122	8.562.766	5.272.033	8.594	158.645.874
FC								
Foreign Currency Deposit	132.930	4.353.210	2.551.901	502.021	525.697	848.181	1	8.913.941
Foreign Currency Deposit	-	161.847	560.835	162.155	233.884	1.661	-	1.120.382
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	16.106	40.191	4.885	1.874	2.464	-	65.520
Total	132.930	4.531.163	3.152.927	669.061	761.455	852.306	1	10.099.843
Grand Total	133.225	41.427.234	63.444.920	48.283.183	9.324.221	6.124.339	8.595	168.745.717

Prior Period	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year		
TL								
Bank Deposit	-	3.444.033	60.494	-	-	-	-	3.504.527
Saving Deposit	-	1.281.030	18.119.625	3.045.101	623.285	2.922.133	11.340	26.002.514
Public Sector Deposit	69	4.749.815	1.142.791	251.334	54.764	1.129	-	6.199.902
Commercial Deposit	96	4.000.977	4.336.605	2.289.861	2.940.844	118.567	-	13.686.950
Other Deposit	-	394.088	1.587.658	153.996	51.415	36.291	-	2.223.448
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	165	13.869.943	25.247.173	5.740.292	3.670.308	3.078.120	11.340	51.617.341
FC								
Foreign Currency Deposit	55.796	1.261.377	2.080.148	324.615	137.344	335.146	1	4.194.427
Bank Deposit	136	31.517	45.439	6.982	115.778	44.984	-	244.836
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	12.643	33.982	3.037	1.647	1.737	-	53.046
Total	55.932	1.305.537	2.159.569	334.634	254.769	381.867	1	4.492.309
Grand Total	56.097	15.175.480	27.406.742	6.074.926	3.925.077	3.459.987	11.341	56.109.650

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. Explanations on Trading Profit/Loss (Net)

	Current Period	Prior Period
Profit	482.990.841	319.325.510
Trading Gains on Securities	4.160.302	2.071.389
Gains on Derivative Financial Transactions	13.545.133	8.700.842
Foreign Exchange Profits	465.285.406	308.553.279
Loss (-)	455.856.827	317.274.342
Trading Losses on Securities	150.346	306.895
Losses on Derivative Financial Instruments	20.030.240	15.098.668
Foreign Exchange Loss	435.676.241	301.868.779

4. Explanations on Other Operating Income

Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 25.221.208 and income from sales of assets amounting to TL 1.540.650 (30 September 2022: Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 4.661.232 and income from sales of assets amounting to TL 516.157).

5. Expected Credit Loss and Other Provision Expense

	Current Period	Prior Period
Expected Credit Loss Provisions	29.125.494	16.117.365
12 Month Expected Credit Loss (Stage 1)	5.575.763	2.437.608
Significant Increase in Credit Risk (Stage 2)	17.973.703	9.365.349
Non-Performing Loans (Stage 3)	5.576.028	4.314.408
Marketable Securities Impairment Expense	760	2.864.131
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	760	2.864.131
Subsidiaries, Associates and Entities Under Common Control Impairment Provision	-	-
Associates	-	-
Subsidiaries	-	-
Entities Under Common Control	-	-
Other	276.698	25.431.736
Total	29.402.952	44.413.232

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information Related to Other Operating Expenses

	Current Period	Prior Period
Reserve for Employee Termination Benefits	529.586	504.782
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	100
Depreciation Expenses of Tangible Assets	1.456.557	584.411
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	359.306	175.795
Impairment Expense of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Sale	-	-
Depreciation Expenses of Assets Held for Sale	-	-
Impairment Expenses for Non-Current Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	19.343.770	5.540.349
Leasing Expenses Related to TFRS 16 Exceptions	142.838	80.223
Maintenance Expenses	1.562.176	280.803
Advertisement Expenses	685.242	311.231
Other Expenses	16.953.514	4.868.092
Loss on Sales of Assets	2.766	6.413
Other ⁽¹⁾	31.244.039	5.013.701
Total	52.936.024	11.825.551

(1) TL 3.897.095 is from Savings Deposit Insurance Fund rediscount expenses, TL 4.248.093 is from tax, duty and fee expenses, and TL 21.013.101 is from donations made to AFAD due to the earthquake disaster in Kahramanmaraş and surrounding provinces in February. (30 September 2022 TL 1.977.206 consists of Savings Deposit Insurance Fund rediscount expenses, TL 1.643.916 consists of taxes, duties and fees).

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

The Group has no discontinued operations. The content of profit/loss amount before tax related to the continuing operations of the Group is given below:

	Current Period	Prior Period
Net Interest Income	93.443.361	88.859.482
Net Fees and Commissions Income	25.185.843	9.700.105
Other Operating Income	30.861.770	7.848.144
Dividend Income	13.204	28.207
Trading Profit/Loss (Net)	27.134.014	2.051.168
Personnel Expenses (-)	17.830.312	7.434.641
Expected Credit Loss (-)	29.125.494	16.117.365
Other Provision Expenses (-)	277.458	28.295.867
Other Operating Expenses (-)	52.936.024	11.825.551
Profit/Loss from Investments in Subsidiaries Consolidated based on Equity Method	143.185	118.131
Current Period Profit/Loss from Continued Operations	76.612.089	44.931.813

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Information on Tax Provision for Continued and Discontinued Operations

As of 30 September 2023, TL 14.841.085 of the Group’s total tax provision expense amounting to TL 17.155.756 consists of current tax expense while remaining balances amounting to TL 2.314.671 consists of deferred tax income (As of 30 September 2022 TL 16.732.361 of the Group’s total tax provision expense amounting to TL 26.200.656 consists of current tax expense while remaining balances amounting to TL 9.468.295 consists of deferred tax income).

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

The Group's net profit from continuing operations is TL 61.771.004 (30 September 2022: TL 28.199.452).

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 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 Profit or Loss Statement Exceed 10% of the Profit or Loss Statement Total, Sub-Accounts Constituting At Least 20% of These Items are Shown Below

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

1.1 Information on Loans of the Bank’s Risk Group

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Beginning Balance	1.595.222	27.560	-	-	-	-
Ending Balance	1.950.307	42.493	-	-	-	-
Interest and Commissions Income	195.780	441	-	-	-	-

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Beginning Balance	1.522.167	10.407	-	-	-	-
Ending Balance	1.595.222	27.560	-	-	-	-
Interest and Commissions Income	162.078	156	-	-	-	-

1.2. Information on Deposits of the Parent Bank’s Risk Group

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Beginning Balance	290.714	261.948	-	-	-	-
Ending Balance	1.375.548	290.714	-	-	-	-
Interest Expense on Deposits	38.500	28.060	-	-	-	-

1.3. Information on Forward and Option Agreements and Other Similar Agreements made with the Parent Bank’s Risk Group

None (31 December 2022: None).

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

Fees paid to the Group’s key management amount to TL 138.034 (30 September 2022: TL 74.423).

VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

SECTION SIX

EXPLANATIONS ON AUDITOR’S REVIEW REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR’S REPORT

The consolidated financial statements prepared as of 30 September 2023 and for the fiscal period ending on the same date have been prepared by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. is subject to audit by the independent auditors' report dated 10 November 2023 is presented preceding the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

SECTION SEVEN

EXPLANATION ON INTERIM ACTIVITY REPORT

I. CHAIRMAN’S ASSESMENT

In the third quarter of 2023, continuing global monetary tightening practices, making progress, albeit limited, in the fight against inflation, slowing down in economic activity, continuing downward risks to the global growth outlook and geopolitical risks were the issues on the agenda.

Following the tightening monetary policies, including interest rate increases, implemented by central banks globally to reduce inflationary pressures, the tightening in financial conditions and the slowdown in global economic activity continue. Although there were some decreasing activity in many countries, it was observed that inflation continued to remain above the long-term averages and the targets of central banks. In this context, central banks in many countries have given guidance that they will keep policy rates at levels that will maintain the tightness of the monetary stance for a long time. In addition, it has been observed that the peak of monetary tightening cycles is approaching in many countries and expectations for additional tightening in limited amounts have gained weight. The increase in oil prices and developments regarding the Grain Corridor Agreement highlighted concerns that inflationary pressures on oil and food prices may be effective for a longer time and that central banks may take even stronger measures.

While private consumption expenditures supported growth in the USA, with the support of the tight labor market, economic activity was quite weak in the Eurozone economy. The decline in industrial production and retail sales continued, especially in Germany, which is the largest economy of Europe with its manufacturing industry and export-oriented structure. In China, which is the largest developing economy in the world, a significant slowdown was observed in the second quarter due to the slowdown in the global economy as well as the debt problems in the real estate sector, and then a recovery above expectations was observed in the third quarter of the year with monetary and fiscal loosening steps.

In the second quarter of this year, the Turkish economy grew above expectations, with the support of investments, especially private and public consumption, despite the slowdown in the global economy, the weakening in many of our main export markets and the ongoing negative effects of the earthquakes in our country. The Turkish economy has maintained its annual growth performance for 12 consecutive quarters since the second quarter of 2020, when epidemic measures were implemented. In particular, the contribution of the investments, which is of key importance in increasing the production capacity of the economy, to growth in the second quarter came to the fore.

In the third quarter of the year, the fight against inflation was continued with determination by using coordinated monetary and fiscal policies effectively by the economic management, and reducing inflation to single-digit levels in the medium term and ensuring price stability were emphasized as the first priority. It was stated that financial stability was also targeted in addition to price stability. It was emphasized that while the process of fighting inflation continues, the priority will be to ensure that growth has a balanced and sustainable structure, and to direct resources to areas that create the most added value in a way that will increase investment, production, exports and employment rather than consumption. In this context, gradual interest rate increases were made in monetary policy and macroprudential regulations were simplified. In addition to interest rate increases, selective credit and quantitative tightening decisions continued to be taken to support the monetary tightening process. Tourism revenues, on the other hand, maintained their strong course despite the negative effects of geopolitical risks and continued to contribute significantly to the current account balance.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

EXPLANATION ON INTERIM ACTIVITY REPORT (Continued)

I. CHAIRMAN'S ASSESMENT (Continued)

The positive effects of the new economic policies implemented in the third quarter began to be seen quickly in many areas. In this context, with the combination of effective and determined economic policy, international rating agencies made positive evaluations about the Turkish Economy and increased the credit rating outlook from "negative" to "stable". While the CDS risk premium, was around 500 basis points in early July it fell below the 400-basis point level in September reaching the lowest levels since September 2021. In addition, while there were increases in portfolio investment inflows from foreign residents, there were significant increases in the CBRT's gross and net reserves.

We continue our activities to contribute to the development of our country within the framework of global and domestic developments and the monetary and fiscal policies implemented. In order to provide higher added value to our economy with the resources we provide domestically and abroad, we prioritize the fields of production, investment, employment, current account balance and agriculture and finance the real sector mainly. While we continue our banking activities effectively at all our service points at home and abroad, we also continue our investments in digitalization with an increasing pace. As Ziraat Bank, which celebrates its 160th anniversary in 2023, when we celebrate the 100th anniversary of our Republic, I would like to thank all of our stakeholders including current and prior employees, customers and business partners who have supported us to be "More than a Bank" from our deep-rooted past and today.

Burhaneddin TANYERİ
Chairman of the Board

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023 (Unless otherwise stated amounts are expressed in Turkish Lira ("TL") Full.)

EXPLANATION ON INTERIM ACTIVITY REPORT (Continued)

II. ASSESMENT OF GENERAL MANAGER

In recent years, we have seen an ongoing high inflation environment globally and tightening monetary policy practices as a solution to this. In an environment where geopolitical risks are increasing, all countries are trying to solve the inflation problem while also trying to maintain growth. Financial stability concerns may also be encountered during the volatile and difficult process.

Our country is also affected by the developments on a global scale, while the economic management prioritizes price stability, it also aims to establish a structure that aims at financial stability and will ensure balanced and sustainable growth by directing funds to areas that create the most added value to increase investment, production, exports and employment rather than consumption. is working.

Banks, which are one of the basic elements of this structure, continue their activities for the healthy growth of our economy within the framework of the decisions and regulations of the economic management.

Ziraat Bankası maintains its position as the leading bank in the sector with its asset size reaching TL 3.4 trillion, an increase of approximately 46% in the first 9 months of 2023. In order for this size to provide more added value to the economy, it creates its balance sheet in a credit-oriented structure and provides its loans by giving priority to the financing of agriculture, investment, exports and production.

Our cash loan size increased by 48% in this period, reaching TL 1.9 trillion, and our total loans including non-cash loans reached 2.6 trillion. 72% of our loans consist of TL loans and we achieve growth with TL loans. 80% of the increase in our TL loans in 2023 consisted of loans extended to the real sector. Agriculture and manufacturing were the leading sectors in the growth in loans extended to the real sector. Thus, by using the funds we provide domestically and abroad effectively, sectors that are of strategic importance for our country and will provide more added value have been prioritized.

The agricultural sector is considered the most important and strategic sector for our Bank, and our agricultural loans reached TL 395 billion with an increase of 71% in the first 9 months. We continue our efforts to increase the added value of agriculture within the framework of our practices that offer solutions in all areas of agriculture, provide widespread, sustainable and accessible financing with low-interest loans, carry out effective customer management with restructurings, when necessary, support agricultural investments and mechanization, diversified products and coordinated work with the stakeholders of agriculture. Thus, we support increasing the contribution of agriculture to price stability, growth of our economy, employment and current account balance.

Deposits, which are the main source of funding, increased by 48% in this period. Improving the TL-weighted and granular structure of deposits continues to be among our goals. In addition to deposits, we attach particular importance to sourcing resources from abroad. In 2023, a significant number of funds were provided from abroad through Eurobond issuance, syndication, DPR, post financing, FX repo and bilateral agreements, and we continue our work within this framework without slowing down.

We continue to meet different financial needs end-to-end and in the most appropriate way within the framework of our product diversity, through our digital banking applications as well as our domestic and international network. In order to enable access to financial services anywhere and anytime and to do so effectively, we continue our investments in branch banking, digital banking, our subsidiaries offering different financial solutions in the country and our subsidiary banks and branches in various countries abroad.

Providing services with a large variety of transactions in digital channels, our Bank is the industry leader in this field with more than 21.5 million active digital banking customers. Recently, we are one of the first banks in the sector to implement remote customer acquisition of legal entities, as well as open banking applications. We offer value propositions to our customers in the retail and SME segments in the field of platform banking with our ecosystem applications such as Ziraat Süper Platform and Z-Transformation.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

EXPLANATION ON INTERIM ACTIVITY REPORT (Continued)

II. ASSESMENT OF GENERAL MANAGER (Continued)

Süper Şube, our new service model that carries out all banking transactions of our retail customers with simple, reliable and fast digital flows through centrally located portfolio managers, has acquired 650 thousand customers in a very short time and is growing quickly and efficiently.

We have received establishment permission from BRSA for our digital bank, Ziraat Dinamik Banka, and we have moved on to the operating permit stage. Establishment permission has been received from the CBRT for Ziraat Pay, which will operate in the field of financial technology, payment and e-money, and we have reached the final stage for the operating permit. Both of our subsidiaries will add new excitement to the Ziraat Finance Group as of next year, with new customer acquisitions and the added value they will provide, in preparation for the financial world of the future.

We continue our investments in card systems and continue to develop and increase our market share in this field. Recently, we have focused on digital-based derivatives of card systems and the specific needs of all our customer segments. Our main goal in this field is; To support the development of the registered economy by benefiting from the advantages of the advantages of cashless life and to facilitate access to fast and advantageous financial services for all our customers.

We are celebrating the 100th anniversary of our Republic in 2023. Ziraat Bankası, which operates with a responsible banking approach as the leading bank of our country with the principle of "More than a Bank" and will celebrate its 160th anniversary this year, will continue its activities within the framework of the same principles in the coming periods to provide more support to the development of our country.

Alpaslan ÇAKAR
Member of the Board and CEO

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023 (Unless otherwise stated amounts are expressed in Turkish Lira (“TL”) Full.)

EXPLANATION ON INTERIM ACTIVITY REPORT (Continued)

III. CORPORATE PROFILE

Since its establishment in 1863, Ziraat Bank has made significant advances in fundamental issues such as business style, product variety and service approach, in line with its strategy built on the principles of multifaceted efficiency and effectiveness.

The Bank, which produces effective financial solutions to meet all financial needs of particularly the farmers, the tradesman, the businessperson, the industrialist, the entrepreneurs, the pensioners and the employees, increases its competitive power with its ability to provide end-to-end financial services. Ziraat Bank uses its competitive power for the domestic economy and financial solutions that offer value to its customers from all segments.

Ziraat Bank has a broad domestic and international subsidiaries portfolio in banking, investment services, portfolio management, venture capital, real estate investment trust and financial technologies.

In line with the strategy of the Ziraat Finance Group, it produces integrated solutions with domestic and foreign subsidiary banks, branches and financial companies in order to meet the financial needs of the Ziraat Bank customers as a whole and offers these solutions to its customers in the most efficient way by taking advantage of the economies of scale provided by the benefit of being a finance group.

IV. SHAREHOLDING STRUCTURE

The paid in capital of T.C. Ziraat Bankası A.Ş. is TL 84.600.000.000. The Bank's sole shareholder is Türkiye 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.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023 (Unless otherwise stated amounts are expressed in Turkish Lira ("TL") Full.)

EXPLANATION ON INTERIM ACTIVITY REPORT (Continued)

V. MAIN CONSOLIDATED FINANCIAL INDICATORS

ASSETS (TL Million)	30.09.2023	31.12.2022
Cash and Cash Equivalents	604.678	438.872
Securities Portfolio	931.595	616.997
Cash Loans	2.117.591	1.425.748
Other Assets	115.781	71.505
Total Assets	3.769.645	2.553.122
LIABILITIES (TL Million)	30.09.2023	31.12.2022
Deposits	2.928.093	1.940.309
Non-deposits Funds	371.495	271.383
Other Liabilities	155.804	127.348
Shareholders' Equity	314.253	214.082
Total Liabilities	3.769.645	2.553.122
SUMMARY OF PROFIT OR LOSS TABLE (TL Million)	30.09.2023	30.09.2022
Net Interest Income	93.443	88.859
Net Fees and Commission Income	25.186	9.700
Other Operating Income	30.862	7.848
Other Operating Expense	52.936	11.826
Allowance for Expected Credit Losses	29.125	16.117
Net Profit/Losses	61.771	28.199
Ratios (%)	30.09.2023	31.12.2022
Capital Adequacy Ratio	15,51	15,78
Equity / Total Assets	8,3	8,4
Cash Loans (Gross) / Total Assets	56,2	55,8
Loans under follow-up (Gross) / Total Loans	1,1	1,4
Liquid Assets / Total Assets	16,0	17,2